





## WORLD NEWS

TAX HARMONISATION 'OPPOSITION TO EU PROPOSALS WILL MAKE IT HARDER TO AVOID PRESSURES TO WIDEN MEASURES'

## UK warned on eurobonds tax stance

By Peter Martin and Robert Peston in London

If Britain continues to oppose European Union proposals on taxation of eurobonds it will be much harder to avoid pressures for wider European tax harmonisation, according to Mario Monti, the European commissioner for the single market.

The UK government believes that European Commission proposals to end evasion of EU taxes on savings could damage the

position of the City of London as the home of the euro-bond market.

At the same time British ministers have been rejecting suggestions made by Bonn for a broader harmonisation of corporate taxation.

Mr Monti linked the two issues yesterday during a speech in London. He said he opposed the idea of minimum corporate taxes, but warned that avoiding such pressures required full implementation of the measures proposed last Decem-

ber to end "harmful" tax competition.

"An extreme position on the eurobond issue would unravel the whole package on the elimination of harmful tax competition," he said.

Full delivery of that package was essential, he said, "otherwise there will be more and more pressure for more ambitious forms of tax harmonisation, or tax co-ordination."

"It is politically not easy for the Commission to say 'no' to the mounting pressures for more ambitious

objectives," he said. To do so "requires full implementation of the existing package."

Mr Monti added that some countries in Europe would see British willingness to collaborate on savings taxes as a test of the UK's suitability for membership of the euro.

He said that the package on tax harmonisation was also essential if further steps in liberalising the European market for financial services - long sought by Britain - were to go ahead.

A Commission directive eliminating national restrictions on pension fund investments, currently in preparation, would be unacceptable to many members of the European Union, he said, unless "some degree of tax co-ordination" was agreed.

Mr Monti said he supported this view. In any case, "irrespective of the fact that they are right, they are counting on it."

The measures against harmful tax competition were therefore essential if

further financial services liberalisation was to proceed.

In remarks which could embarrass the UK government, given the sensitivity of the issue in Britain, Mr Monti later added: "As far as taxation is concerned, we have the UK fully on board [for] the basic principle we are bringing along - that is, not harmonisation for the sake of harmonisation but rather some tax co-ordination."

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## Russian doctors left to face empty medicine cabinet

Even once shiny, state-of-the-art hospitals are struggling to survive the financial crisis, writes John Lloyd

City Hospital No 2 is buried in a suburb of St Petersburg composed of row after row of massive, already-sagging apartment blocks. Although the hospital opened in the early 1990s, it too is scruffily looking; its entrance hall is echoing and empty, with an air of indifference where some attempt at warmth might be expected.

But its operating theatres and intensive care units are sparkling, high-tech and carefully tended.

Racks of medicines stand in whitewood cabinets. In the ophthalmic department - the treatment of cataracts in the disproportionately elderly population of St Petersburg is a specialty - state-of-the-art machines jostle for space in the crowded examination rooms.

City Hospital No 2 is a show hospital, well funded and generously staffed. Yet it illustrates, better than the dank, stench-ridden barracks which are often the norm for hospitals in the Russian provinces, the crisis in Russian healthcare.

The state now supplies no more than 20 per cent of City Hospital No 2's budget - the rest comes from paying patients. The doctors and administrators give a clear impression that those who

can afford to buy treatment while those who cannot are treated as and when they can be fitted in.

To repeated questions of "How do you actually manage?" the answer is most often something like: "We do it with patience," the response of Vitaly Khilko, a senior surgeon.

This obfuscation springs largely from wounded pride. Professor Khilko is an innovative neurosurgeon who claims to have pioneered new forms of surgery in the 1970s. He and his colleagues, especially the more senior ones, find the present state of Russian medicine hard to bear. And to face the certainty that it will deteriorate is hideous.

But it will. "We have spent a lot of money and energy bringing our practices up to the highest levels," says Yuri Shulev, another neurosurgeon.

"But now there are no funds to renew the medicines, and no funds to service and maintain the equipment. Strokes are one of the most common causes of death - and if we can get the patient to hospital in time we can often save him. But the ambulance service is not geared up to this, and we have no funds to reform it."

No funds. It underlies all of the conversations in the hospital, as the shock of what happened in August - when the rouble crashed and the scale of the fiscal crisis was revealed - sinks in.

The crash came on top of already exiguous funding. The state pays the equivalent of \$8 to buy food for one patient for two weeks, with a further \$6 for medicines over the same period. Now the doctors fear they will soon be looking at an empty budget.

Private medical insurance companies, both Russian and foreign, have started up in the past few years but, says Oleg Vastiev, dean of the Academy of Military Medicine who practises at the hospital, they represent a tiny fraction of the hospital's income.

"Our psychology is against it. They really only exist for foreigners. Russians have the psychology of fatalism, which is mixed with the feeling that the state will take care of it. If they have money, they buy vodka. You can avoid strokes if you lead a healthy life and don't drink heavily. But who listens?"

When poverty and fatalism meet, it seems hopeless. Worse, the unbalanced age structure of St Petersburg, a



A Russian nurse tends to a young girl in a rundown hospital

Ulrich Proulx

legacy of the second world war when men were slaughtered, means there are 1.2m pensioners in the city, mostly women, and a birth rate which is dropping fast.

The population fell by 600,000 last year. Russian men are dying in their late fifties and Russian women are not reproducing.

It had been getting better here and there. Christopher Davis, a fellow of Wolfson College, Oxford, and an expert on Soviet and Russian health, says that many infectious diseases were on the decline and the infant mortality rate, high by international standards, fell

slightly. But cancer, heart problems and tuberculosis have all worsened; and the brutal fact that Russians live on average 10 years less than western Europeans has not changed.

Now, says Dr Davis, further decline is inevitable. "The cuts in the budget only mean they can't afford western medicines - which make up 70 per cent of the total."

"And the fact that western drugs replaced Russian ones has severely damaged the pharmaceuticals industry here, so it can't respond. The same with the medical equipment industry. It is a

serious, a very serious situation."

The doctors of City Hospital No 2 - who earn \$125-\$350 a month on their state salaries - see colleagues leave the profession to go abroad or seek more lucrative work.

They see their equipment rendered inoperative and their medicines run short and struggle with patients aged and fearful who often refuse to leave their hospital beds to go back to the isolation of bleak rooms.

"We will manage with patience," says Prof Khilko, but patience is becoming a much abused commodity in Russia.

## Spain accuses EU of 'double standards'

By David White in Madrid

Spain is accusing richer European Union members of "double standards" in their efforts to freeze EU budget spending at current levels.

Ramón de Miguel, state secretary for Europe, said in an interview this week that governments were making a mistake if they thought a financing deal for the early 2000s could be done on the basis of cutting the funds allocated to overcoming inequalities.

Madrid estimates that holding spending at the average levels for the previous 1993-1999 budget period would mean an 18 per cent cut in current outlays on regional and other structural funds. Mr de Miguel strongly defended Spain's continued entitlement to the "cohesion" funds paid to the EU's poorest members and said it

would hold out on this issue even if it was left completely alone among the 15.

"As long as there is no satisfactory agreement, there will not be a deal," he said.

Proponents of a freeze include Germany, France, the UK and several smaller members. Mr de Miguel based his charge of double standards on their recent approval of a 20 per cent increase in EU research and development funding for the next four years. He called this "the cohesion fund of the rich" since it went mainly to large companies in the wealthier countries.

"One thing is stabilising the budget. Reducing economic and social cohesion is another," he said.

Spain's payments from the cohesion fund - paid also to Portugal, Greece and up to now Ireland - are set to rise to Ptas380 (€1.25bn) next year from Ptas165bn this year, out of total expected receipts from EU structural funds expected to exceed Ptas1,000bn.

Mr de Miguel said that, while the new German administration continued to question the continuation of cohesion payments for countries that join the euro-zone, it would be "absurd" to withdraw funding for Spain and Portugal just because they had succeeded in qualifying.

He argued that they had made "extraordinary sacrifices" and could have obtained higher economic growth if they had not complied with the entry criteria.

However, he said Spain would accept a "guillotine" clause to cut off cohesion funds as soon as the threshold level of 90 per cent of EU average income per capita was reached. Spain is expected to be at 80 per cent of the average next year. He added Spain would do "everything possible" to reach a pact on the 2000-2006 budget package by next March.

## German telecoms ruling halted

By Ralph Atkins in Bonn

An important pricing decision which could have had far-reaching effects on competition in Germany's telecommunications market was shelved yesterday after the direct intervention of Werner Müller, the new economics minister.

Mr Müller in effect prevented the independent regulator from announcing this Monday the prices Deutsche Telekom, Europe's largest telecoms group, could charge competitors for access to the so-called "last mile" connections into customers' houses.

His action was swiftly condemned by new telecoms companies.

Harald Stübber, chairman of Mannesmann Arcor, one of the most successful fixed-line operators, said it was "clear that the politicians are protecting Deutsche Telekom". Analysts estimate Deutsche Telekom, which is 74 per cent owned by the state, has already lost up to 30 per cent of the long-distance market.

Under the previous government of Helmut Kohl, competition was encouraged between different operators rearing infrastructure from Deutsche Telekom. The result was one of the most competitive markets in the world, with more than 200 licences issued.

But Mr Müller, who has previously complained about the impact of price competition on investment spending, argued yesterday that the new competitors were free to build their own networks.

"Double investment is usual in competition - and also in this market," Deutsche Telekom had wanted to charge competitors DM47.26 (€27.80) a month for local access - roughly double the rate the regulator was expected to agree and three times higher than its competitors said was reasonable.

## NEWS DIGEST

## ISRAELI SECURITY

## Netanyahu to hold talks on south Lebanon

Benjamin Netanyahu, the Israeli prime minister, yesterday cut short his trip to Europe to review security arrangements in Israel's south Lebanon occupation zone after seven soldiers were killed over the past 11 days.

Mr Netanyahu had planned to fly from Britain to Spain. Instead, he was set to hold security talks on his return as opposition politicians called for a unilateral withdrawal from south Lebanon, which Israel first invaded in 1978.

According to Israel's defence ministry, the soldiers were killed by the militant Islamist Hizbollah group. Last April, the Israeli cabinet adopted United Nations Resolution 425, which called on Israel to withdraw its army "immediately" from Lebanon. However, the cabinet made withdrawal conditional on the Lebanese government providing security guarantees to prevent guerrilla attacks on Israel's northern border as well as protecting the Israel-backed South Lebanese Army. Lebanon wants an unconditional pull-back.

Uri Lubrani, Israel's co-ordinator in south Lebanon, said any unilateral withdrawal would be "a recipe for a multi-sided war in Lebanon". Judy Dempsey, Jerusalem

## KOSOVO KIDNAPPINGS

## Rebels free prisoners

Kosovo rebels, in what they said was a "goodwill gesture", freed two kidnapped Serbian reporters and two moderate ethnic Albanian politicians yesterday.

The four were handed over to an international liaison team in Dragobilj in western Kosovo, deep inside areas where Kosovo Liberation Army (KLA) rebels are active.

"I think it is a good day for everybody concerned and for Kosovo," said William Walker, who heads the Organisation for Security and Co-operation in Europe (OSCE) mission that is trying to police a shaky truce.

The releases by the rebels, fighting for independence from Serbia for the southern province, whose population is overwhelmingly ethnic Albanian, were the second such gesture this week following the release of a Serb policeman on Tuesday, Reuters, Dragobilj.

## CYPRUS

## Pledge to reduce tension

Glafcos Clerides, president of Cyprus, and Costas Simitis, Greece's prime minister, yesterday pledged to work towards reducing tension on the island, but declined to say whether the Greek-Cypriot plan to install Russian air defence missiles was still on track.

Mr Simitis, who wants to avoid a Greek-Turkish confrontation over the Russian missiles, said he supported a Greek-Cypriot proposal to demilitarise Cyprus. "Greece and Cyprus have no interest in escalating tension," he said. "Whatever defence measures we take are to protect Cyprus from a worsening Turkish threat."

The S-300 missiles are due to be shipped from Russia next month, but Greece has suggested they could be installed on Crete. An international effort to block their arrival on Cyprus will be stepped up next month, when Richard Holbrooke, the US special envoy for Cyprus, is due to hold talks with Mr Clerides and Rauf Denktaş, the Turkish Cypriot leader of northern Cyprus.

UN officials are trying to win Mr Denktaş's agreement on a set of confidence-building measures, including troop withdrawals. Greek officials said a formal UN proposal for a reduction of forces on Cyprus could be enough to persuade Mr Clerides to call off deployment of the Russian missiles. Karin Hope, Athens

## RUSSIAN POLITICS

## Centre-right coalition formed

A group of leading liberal Russian politicians, including two former prime ministers, yesterday announced the creation of a centre-right coalition in an effort to regroup ahead of parliamentary elections due at the end of next year.

Sergei Kiriyenko, the prime minister sacked after the economic crisis in August, and Yegor Gaidar, leader of the government in 1991, combined forces with other prominent figures, including Anatoly Chubais and Boris Nemtsov.

Grigory Yavlinsky, leader of Yabloko, the only liberal party which scored above the 5 per cent necessary for parliamentary representation in the previous election in 1995, was noticeably absent from yesterday's alliance.

Their action comes in a renewed round of soul-searching following the murder of Galina Starovoitova, a St Petersburg liberal politician, last Friday night. It follows the launch a week ago by Yuri Luzhkov, the mayor of Moscow, of his own new, politically central Fatherland party. He has flirted with both the Communists and the centre-right movements. Andrew Jack, Moscow

## POPE MAKES APPEAL

## 'Ease debt of poor nations'

Pope John Paul, in a major Papal Bull proclaiming 2000 a holy year, suggested yesterday that wealthy nations should relieve debts of developing nations in order to remove "the shadow of death".

The Pope made his appeal in "Incarnationis Mysterium" (The Mystery of the Incarnation), and urged Catholics to seek forgiveness for past historical errors and carry out works of charity as humanity entered Christianity's third millennium.

"Some nations, especially the poorer ones, are oppressed by a debt so huge that repayment is practically impossible," the Pope said.

"It is clear, therefore, that there can be no real progress without effective co-operation between the peoples of every language, race, nationality and religion," he said. Reuters, Rome

## VERONICA GUERIN

## Man jailed for murder

An Irish court yesterday jailed a man for the murder of the journalist Veronica Guerin, who was shot dead in a Dublin street in 1996.

Paul "Hippo" Ward, allegedly part of a gang that imported hundreds of kilos of cannabis into Dublin, as well as guns and ammunition, was jailed for life after judges accepted the evidence of a state's witness, Charles Bowden, a former member of the gang.

The prosecution claimed that Mr Ward was a member of the gang that planned and carried out the killing. He was said to have made three confessions to investigating detectives but the court ruled these were inadmissible as evidence.

Mr Bowden told the court that Ms Guerin was murdered because she had accused the leader of the drugs gang of assault and he feared his drugs empire would collapse if he was sent to jail. John Murray-Brown, Dublin

**ETBA Finance**  
ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.)  
**ANNOUNCEMENT**  
THIRD INTERNATIONAL PUBLIC TENDER FOR SALE OF THE TOTAL ASSETS OF "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A."

ETBA Finance Economic and Financial Services S.A., established in Athens (1 Epanastasiou St.), as special liquidator of "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." which has been placed under liquidation by Decision No. 175/1997 of the National Court of Appeal and within the framework of article 464 of Law 1602/1992, as supplemented by article 14 of Law 2200/1991, is currently in liquidation and following instructions dated 19/10/1998 from the creditors, ETBA S.A.

A Third International Public Tender with sealed, binding offers for the total assets of "ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." now under special liquidation.

**Summary description of the company and its activity**  
"ELITE VILLAGE - TOURIST, COMMERCIAL, MARITIME, CONSTRUCTION AND HOTEL S.A." owns and runs a hotel complex in the village of Agios Petros of Messinia on a plot of land 25,500 m<sup>2</sup> in area. The hotel has a capacity of 151 beds. The hotel unit consists of a two-story central building and two wings, 3,500 m<sup>2</sup> in area, a ground floor of 1,400 m<sup>2</sup> and a first floor of 670 m<sup>2</sup> as well as a parking complex with a total area of 4,208 m<sup>2</sup>. Roadworks have been built in the surrounding area plus two swimming pools, a children's playground, a sports ground, etc. More information and a detailed description are contained in the Offering Memorandum.

**Terms of the Announcement**  
1. The tender will be conducted in accordance with the provisions of article 464 of Law 1602/1992 as supplemented by article 14 of Law 2200/1991, as currently in force, the terms contained in the present Announcement and the terms contained in the Offering Memorandum, regardless of whether or not they are repeated in the present. The submission of a binding offer implies acceptance of all these terms.  
2. For a full assessment of the company for sale, interested buyers are invited to receive, on signature of a confidentiality agreement, the detailed Offering Memorandum and ask for any other information.  
3. In order to participate in the tender, interested parties must submit a sealed, binding offer to the liquidator by post, addressed to the liquidator, Mr. Epanastasiou Kostas, established at Kerkiras, tel. +30 721 80001, by 12 noon on Friday, 18 December 1998. Offers should be submitted in person or by a legally authorized representative. Offers submitted before the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which the liquidator will depend or which create vagueness with regard to the amount or the method of payment of the offered price or with regard to any other essential points. The liquidator and the creditors maintain the right, at their irrevocable discretion, to reject offers which contain terms and conditions, or consider them to be non-compliant, in which case the offer remains binding with regard to the rest of its content.  
4. Offers must be accompanied, on penalty of cancellation of the offer, by a letter of guarantee from a bank legally operating in Greece, to the amount of one hundred and fifty million drachmas (GDR 150,000,000) as per specimen contained in the Offering Memorandum, valid until the time limit for the tender and guaranteeing both the substance of the offer submitted and any improvements made to it.  
5. The offers will be opened by the liquidator in his office at 14:00 hours on Friday, 18 December 1998. Interested parties who have submitted binding offers within the time limit are entitled to attend the opening of the offers.  
6. The sealed, binding offers must specify the offered amount and the method of payment (whether in cash or on credit). In the event that payment is to be on credit, the offer must state the number of instalments, when they are to be paid and the interest rate during the entire period up to final settlement, if interest is not made at all the method of payment, by whether the balance on credit will bear interest or not, if the rate of interest, then it will be correspondingly deemed that as the amount will be used in cash, in the balance on credit will not bear interest, or the rate of interest for the balance on credit will be calculated on the interest rate of the latest issue of state bonds of one year's duration, and d) the currency will be in drachmas.  
7. Essential criteria for evaluating the offers are: a) the size of the amount offered, b) the guarantees provided for settlement of any balance on credit and the full payment of other terms, c) the reliability and creditworthiness of the interested party and d) the continued operation of the unit.  
8. For all the above points as well as for the remaining terms to be agreed upon, the buyer must accept penalty clauses, additionally covered by property or other securities, which will guarantee compliance with the terms agreed upon.  
9. In the event that payment is on credit, the present value will be taken into account in evaluating the offer, which will be calculated on the basis of a 12% annually discounted interest rate. If the offer is made in foreign currency, the being price will be calculated on the basis of the exchange rate of the day of submission of the offer to the liquidator, which will be used for the conversion of the offer to the Bank of Greece, on the final day for the submission of offers to the liquidator, in order to sign the relative contract in accordance with the terms of the present Announcement and of his offer, as finally composed, then the guarantee, as above, is forfeited in favour of the liquidator and the creditors in order to cover all expenses of any kind, time spent and real or paper losses sustained, with no obligation to provide proof of such, or consider the amount as a penalty clause and collect it from the guarantee bank.  
10. The liquidator bears no responsibility towards participants in the tender, both with regard to the report assessing the offers or to the proposed sale of the highest bidder. Also, he is not liable and has no obligation to the participants in the tender in an event that the tender is cancelled or declared null and void if the result is deemed unsatisfactory.  
11. Those parties taking part in the tender and submitting offers do not acquire any right, claim or demand from the present Announcement and from their participation in the tender, against the liquidator or the creditors for any reason.  
12. According to para. 13 of article 464 of Law 1602/1992 the sale contract and the necessary transfers arising from it and any other relative transactions are exempted from stamp, duty or state or third party rights or stamp duties, while the rights and fees of all relatives, lawyers, notaries and mortgagees are restricted to 20%. Any expenses incurred in the sale of the assets (P.V.T., the fees of lawyers, notaries and mortgagees, judicial supervisors, etc.) rights and other expenses are to be borne by the buyer.  
The present text is drafted in Greek and translated into English. However, in the event of differences occurring in translation, the Greek text will prevail.  
In order to obtain the Offering Memorandum and for any additional information, please apply to the office of the liquidator 1 Epanastasiou St. Athens, Tel. (210) 7252210, 7252205 and Fax (210) 7252984.  
Attorney Mr. N. Skarvelias - Mrs. E. Anagnostidou

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صباحنا من الامل

THE AMERICAS

# Congress blow to Mexican budget

By Henry Tricks in Mexico City

Mexico's 1999 budget negotiations are on the rocks this weekend after an explosive confrontation between José Ángel Gurría, the finance minister, and the opposition-led lower house of Congress, which he labelled a "circus".

Opposition deputies have called for Mr Gurría's resignation and promised to strengthen their efforts to defeat the government's budget plans, which are the most austere - and unpopular - in recent Mexican history.

They predict a bruising battle in the next two weeks before Congress takes its Christmas break on December 15. If Mexico lacks a budget by December 31, all public spending, including debt payments and salaries, will be frozen.

"These insults make the negotiations enormously difficult. They shouldn't be expected from a finance minister," said Santiago Creel, a leading deputy for the pro-

business opposition National Action party (PAN).

Mr Gurría said he would not step down, but he also indicated he could be flexible if the opposition sought to reshape parts of the budget. That was a more conciliatory tone than he took in the lower house on Thursday, when - defiantly defending his budget - he twice described the proceedings as a circus, ignoring a sharp reprimand from the chamber president.

His blunt appraisal, though a violation of protocol, was prescient. Shortly afterwards two congresswomen were lunging at each other with their fingernails and a labour union boss punched a reporter.

The uproar was triggered by Mr Gurría's refusal to reveal latest figures on the cost of bailing out the ailing banking sector since 1995 - a touchy political issue. One legislator offered the finance minister a pocket calculator to do the sum, but he still declined.

Late on Thursday Mr Gurría called a press conference to announce that the cost of the bailout had risen in six months from 552bn pesos to 610bn pesos (\$61bn). The increase was greater than the amount proposed for fighting extreme poverty in next year's budget.

Mr Creel said PAN would seek consensus on the budget, but there would be no deal unless the government agreed to its proposals to reform Fobaproa, the contingency fund handling the bank bailout. Its proposals include the resignation of Guillermo Ortiz, central bank governor, a loyal ally of President Ernesto Zedillo.

In its own budget proposals due next week, PAN will seek to scrap a planned telephone tax and a 2 per cent state sales tax proposed by the government. It shares Mr Zedillo's goal of a tight budget deficit next year, but that aim has been complicated by the latest plunge in oil prices, a big source of government revenues.



Popocatepetl volcano (above), south-east of Mexico City, erupted strongly on Thursday, throwing blazing rocks three miles

PINOCHET CASE HANDLING 'NOT POLITICALLY MOTIVATED'

# UK eager for good relations with Chile

By David Buchanan, Diplomatic Editor, in London

Britain yesterday sought to assure Chile that its handling of the case of Augusto Pinochet, the former dictator, was not "politically motivated", and that whatever the case's outcome it wanted good relations with Santiago.

Robin Cook, the foreign secretary, yesterday met his Chilean counterpart, José Miguel Insulza, who has arrived in Europe to lobby both the British and Spanish governments in the wake of Wednesday's ruling by the House of Lords. Britain's highest court. The law lords ruled that General Pinochet could not claim "sovereign immunity" as a former head of state to resist extradition to face genocide and torture charges in Spain.

Mr Cook said he explained to Mr Insulza, in an apparently cordial meeting, that neither the original arrest by British police responding to

a Spanish extradition request, nor the subsequent legal ruling, was politically motivated. He said the British cabinet would leave Jack Straw, the home secretary, who must authorise the extradition proceedings, free to decide on his own.

"I explained that the next stage of the extradition process involved a decision by the home secretary acting independently in accordance with his statutory responsibilities," Mr Cook said, "and that this was not a matter for collective ministerial discussion."

A London magistrates' court yesterday gave Mr Straw until December 11 for his decision on the proceedings. It had originally set December 3 as the date for Gen Pinochet to appear in court to hear Mr Straw's decision.

Mr Straw wanted more time because the House of Lords took longer than expected to reach its verdict, and because he is anxious to

show he has listened to all sides before coming to a decision that will be acutely difficult either way. Human rights supporters and many in Mr Straw's own Labour party hailed the Lords' ruling, which was deplored by many on the right of UK politics and in British business, fearful of Chilean trade reprisals.

Mr Cook reminded Mr Insulza that the case was "a matter for due legal process, not diplomatic negotiations". Nonetheless, the Chilean foreign minister went on to see officials at the prime minister's Downing Street office yesterday, and is expected to go on to Spain to continue his pleas for the general to be spared.

Whatever Mr Straw's decision, it is likely to be appealed against. In view of this, Mr Straw is taking pains over it, while his cabinet colleagues are trying to avoid any impression of exerting political influence on him.

# Argentina's secret trade with the Nazis: quinine, golf balls, diamonds

Commission's findings on dealings with the Third Reich are proving controversial - and intriguing, reports Ken Warn

A recently discovered smuggling transaction between Argentina and Nazi Germany has puzzled researchers: an illegal shipment to the Nazis, in a tin-lined suitcase, of quinine, liver extract and three golf balls.

Whether the balls contained espionage material vital to Hitler's war effort, or were merely intended to give golf-starved high-ranking Nazis a pleasant day on the links, may never be known.

The deal, unearthed by a US-based researcher, Christel Converse, appears typical of the low-volume, high-value illegal exports with which Argentina helped the Nazis. The sales included supplies of platinum, industrial diamonds and castor oil

- the latter probably intended to lubricate the insides of fine machinery rather than of SS officers.

Mrs Converse is one of a team of international researchers working for the Commission of Inquiry into the Activities of Nazism in Argentina, set up by the Buenos Aires government last year. She alone has examined up to 300 boxes of material at the US National Archives in College Park, Maryland, part of an international research effort that also embraces the Vatican, Brussels and Paris.

Each box at College Park contains 500 pages of material, including documents of the FBI, US Treasury, Federal Reserve and State Department. The FBI files

are the least reliable, says Mrs Converse, full of speculation and dependent on "questionable sources".

This is no mere academic project. The preliminary findings of the commission, due to present a final report next year on one of the murkiest aspects of Argentina's past, are already proving controversial.

Its view that at least 150 Nazi war criminals sought refuge in Argentina was this month criticised by the Nazi-hunting Simon Wiesenthal Centre, which claims the figure is too low.

The commission has also found fresh evidence prejudicial to Gen Juan Domingo Perón, Argentina's president from 1946 and founder of the current ruling party. Perón

was fully aware of efforts to shelter many prominent Nazis, according to the commission.

These efforts intensified after 1945, when Allied vigilance over Germany eased. Perón's political heirs prefer to see him as the founder of the country's welfare system rather than an admirer of Hitler and Mussolini, let alone a man who turned a blind eye to war crimes.

In another controversial finding - or lack of it - the commission has failed to produce evidence that looted "Nazi gold" entered Argentina after the war in any sustained or systematic way.

It dismisses rumours, current in Argentina for decades, that German submarines delivered great quantities of stolen assets, and fleeing Nazis, to the country's shores.

However, the findings of Mrs Converse, working with historian Ronald Newton, have produced many insights into the day-to-day operations of the Nazis in Argentina, an officially neutral country until 1944 that only declared war on the Axis powers in the dying stages of the conflict.

Argentina mattered to the Nazis. Recently declassified documents in the US show the Third Reich spent lavishly on its war effort there, especially on propaganda aimed at keeping Argentina from siding with the Allies - not a straightforward task.

Germany's embassy in Buenos Aires was constantly seeking more money to bribe journalists and other "influentials". British and American economic interests in

the country far outweighed those of Germany.

Much of the financing for Nazi economic propaganda came from the "Firmen-Ring", the local units of big German companies operating in Argentina, such as Siemens and Bayer. These "donations" were offset by payments or credits to the parent companies in Germany, investigators say.

The research has also found evidence of heavy clandestine movements of German capital into Argentina from the late 1930s, with a view to protecting it from seizure by the Allies. Even before the war many Germans appear to have been worried that the Third Reich might not, in fact, last a thousand years.

One of the many front-men for these operations may have been Fritz Mandl, "an

Austrian arms manufacturer of great business acumen, technical ignorance, and ideological flexibility", according to the researchers.

Long rumoured as a kind of Argentina-based fund manager for parts of the Nazi hierarchy, Mandl even came by 1946 to manage some of Perón's personal investments, according to one German intelligence operative questioned by the Allies. No details of these transactions have been found.

A separate commission report on the links between Argentina's central bank, the Axis powers and neutral countries calls for more research on Argentine gold purchases from the Bank of Portugal, and on individual bank accounts held in Argentina. The Central Bank of Argentina was a seller,



Juan Perón: turned blind eye to war crimes

rather than a buyer, of gold to the Swiss during the war, but "Nazi gold" operations involving other third parties cannot be ruled out.

"We might still come up with a big splash on Nazi gold, but so far we haven't found it," sighs Mrs Converse, before heading back to the document stacks.

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**FINANCIAL TIMES**

No FT, no comment.



## INTERNATIONAL

JIANG VISIT CHINESE PRESIDENT'S TRIP TO TOKYO TURNS INTO PUBLIC RELATIONS DISASTER

## Japanese wartime gaffe wounds Chinese feelings

By Naoko Nakamura  
in Tokyo and James Kyrie  
in Beijing

The first visit by a Chinese head of state to Japan descended further into controversy yesterday after a top Japanese official claimed that only a "small group of militarists" were responsible for Japan's aggression in China during the second world war.

The remark by Hiromu

Nonaka, the chief cabinet secretary in Japan's government, threatened to undermine a visit which it had been hoped would help the Asian rivals open an era of co-operation.

"Isn't this a finished problem?" asked Mr Nonaka, referring to the wartime past which has been a focus of the visit of Jiang Zemin, China's president.

"There is a school of thought that Japan has

already reflected on its past and apologised to China any number of times before," Mr Nonaka told journalists.

"A small group of militarists were responsible for the war in China and we cannot erase the fact that this created many victims on both sides," Mr Nonaka said.

China had hoped for an unqualified apology from Japan for its wartime aggression. Comments such

as Mr Nonaka's have aroused vehement protest from China in the past and initial reactions in Beijing yesterday were of shock.

"It is an insult," said one academic at a Beijing think-tank, who declined to be identified.

The controversy followed Beijing's disappointment over Tokyo's failure this week to apologise for the war in a joint declaration. The declaration noted

Japan's "deep remorse" and Keizo Obuchi, Japan's prime minister, made an oral apology, but this fell short of Beijing's hope for a written apology.

Diplomats in Beijing said one reason for the unexpected disappointment of the summit was the perception in Japan that, during a visit to Moscow, Mr Jiang had changed Russia's attitude to Tokyo's bid for permanent membership of

the United Nations Security Council.

In early November Mr Obuchi won a clear statement of support from Boris Yeltsin, the Russian president, for Japan's accession to the Security Council.

But a joint Sino-Russian declaration this week diluted this support into a statement that noted that the "possible" expansion of the Council should be based on a

"consensus among United Nations member countries". China has often indicated its opposition toward Japanese membership, but membership is a key foreign policy goal for Tokyo.

"Japan was incensed at the way Beijing appears to have turned Moscow's point of view on this," said one diplomat in Beijing.

Japan and the war, Page 7

JAPANESE ECONOMY FIGURES SHOW FEWER VACANCIES AND COLLAPSING RETAIL SALES

## Recession deepens despite three big stimulus packages

By Alexandra Harvey in Tokyo

Japan sank deeper into its worst recession since the 1930s last month, in spite of government efforts to jump start the economy with several huge stimulus packages. Dismal economic data released yesterday coincided with government approval of a ¥5,600bn (\$47bn) supplementary budget to fund the three stimulus plans launched in recent months. The budget, which is expected to be passed by parliament by the end of the year, is directed at last week's ¥24,000bn package, that includes reductions in corporate and income tax rates and extra public works spending.

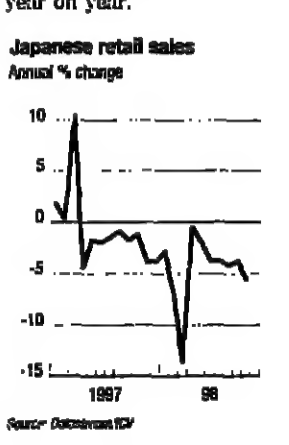
The data underlined the urgency of economic situation, with an unemployment rate in October, although unchanged from the previous month at 4.3 per cent, still the highest since records began. The jobless rate for women, however, climbed to 4.34 per cent, another record high and a marked increase from the 4.16 per cent recorded in September.

Labour conditions appeared to have deteriorated across the economy, with the number of available jobs per 100 applicants slid-

ing to 43 from 49 the previous month. This was the lowest level since the index began in 1983.

The labour market reflects the slowdown in industrial production over the past year in response to weakening consumer demand. Industrial output shrank 1 per cent year on year in October without adjustment for seasonal changes in demand, according to the ministry of international trade.

However, a 3.1 per cent drop in inventories suggested that manufacturers were accelerating their plans to clear out surplus stocks. In September, inventories fell only 2.1 per cent year on year.





سكان الامل

EUROPEAN PARLIAMENT CONSERVATIVES PUSH LABOUR PARTY INTO THIRD PLACE AFTER LOW TURNOUT

# Nationalists hold Scots Euro seat

By James Burdon in Edinburgh

The Scottish National party yesterday held its North East Scotland seat in the European parliament in an election with an unusually low turnout.

The surprise in the result was that the Conservative party pushed the governing Labour party into third place.

Alex Salmond, leader of the SNP, called it a blow for "all the nationalist parties" with Conservative support 4 per cent down on the party's vote in the 1997 national

elections, in which all Conservative MPs in Scotland lost their seats.

Ian Hughton, the SNP candidate, was widely expected to hold the seat in an area of Scotland that includes several of its strongholds. But Labour hoped to come a good second. Several senior cabinet ministers took part in the campaign and Tony Blair, the prime minister, went to Scotland to warn of the dangers of the SNP's policy of independence.

The turnout in the last big electoral test before next

May's elections for the new Scottish parliament was 20.5 per cent. Labour failed to mobilise enough voters in its urban heartlands of Aberdeen and Dundee, whereas the SNP brought out sufficient numbers in the small towns and rural areas.

Mr Hughton, who received 57,445 votes, a majority of 33,701, over Struan Stevenson, the Conservative candidate, said the victory was "a launchpad for our campaign for the Scottish parliament next year".

Mr Salmond said Labour had been humiliated. "This

is a disastrous result for London Labour and shows that their policy of 'nationalism' has backfired spectacularly," he said.

The result will boost morale in the Scottish Conservative party, which held the seat in the 1980s but continues to languish in the Scottish opinion polls. Mr Stevenson said the Conservatives were once again a force to be reckoned with in Scottish politics. "To see Tories actually snaffling is almost a new experience and one I'll savour for a long time," he said.

Kathleen Walker Shaw, the Labour candidate, who was 1,688 votes behind Mr Stevenson, said the result was "one that none of us can come out from with any benefit because it was a disappointing turnout".

Keith Raffan, the former Conservative MP who stood for the Liberal Democrats, took 11,753 votes, 10,333 behind Labour.

The by-election was caused by the death in August of Allan Macartney, the popular SNP European parliament member, who had a majority of 51,227.

## Egg sales soar as TV chef stirs the nation

By Deborah Hargreaves in London

"It's the smell of grease that you notice first," says Caroline, a Parisian visitor, confirming the dreary reputation enjoyed by British food overseas.

But there has been a renaissance in recent years and many top chefs now practise in London. Even ordinary households have become more adventurous, inspired by a new generation of TV cooks.

Delia Smith, Britain's favourite TV chef, has been broadcasting for 25 years. She has probably done more than anyone to change the nation's eating habits. When Ms Smith mentions an ingredient on her TV show, it sells out.

British egg sales have soared since she showed her five-strong audience how to boil an egg and make an omelette in her new *How to Cook* series on BBC TV. Sales jumped 10 per cent - or an extra 1.3m eggs a day - in 6 weeks, reversing a 10-year decline.

Three years ago sales of crabs and crayfish by 350 per cent after she used them in her *Winter Collection* series. Her chocolate truffle treatise cleared Europe of its entire stock of liquid glucose.

This week's programme mentioned a particular type of flour that makes a white sauce without fat. Leading supermarkets have already sold out.

Ms Smith is a national icon. Few middle-class kitchens would be without one of her cookery books. She has sold more than 10m and amassed a fortune of £24m, making her one of Britain's richest women.

She has guided the nation's eating habits away from the stodgy staples of the 1950s towards more Mediterranean influences and exotic ingredients. She has also reworked some British classics, such as steak and kidney pudding.

Ms Smith's homely image has encouraged people to trust her forays into new cookery territory. While other TV chefs trade on their flamboyant personalities, Ms Smith has remained unexciting but dependable throughout her long career. "People listen to her and do what she says. They do not just watch her programmes for the entertainment value," the BBC said.

She may use sun-dried tomatoes, mascarpone cheese and coriander - all of which were virtually unheard of in Britain five years ago - but she explains where they can be bought and exactly how to use them.

She tests every recipe at least 30 times to ensure it works.

## NEWS DIGEST

### NORTHERN IRELAND

#### New armed terror group threatens assassinations

Masked and armed men claiming to represent a new anti-republican paramilitary group in Northern Ireland have threatened "to defend our people and if it comes to the crunch we will assassinate the enemies of Ulster". It was reported yesterday. The self-styled Orange Volunteers warned of attacks against republicans freed early from prison as part of the April peace agreement. One of the six men who summoned a journalist from Ulster Television to a meeting, reading from a prepared statement, said: "This organisation cannot allow republican prisoners to walk free with impunity while wives and families of people have to visit the graves of their loved ones murdered by republican scum. Those prisoners are fair game."

The man said he did not believe the IRA's war was over. "It is just part of their long-term strategy to get not just the troops out but also the British people of Ulster out, too. We cannot and will not allow that to happen," he added. The organisation produced a "covenant" setting out its aims. It said: "We are defenders of the reformed faith. Our members are practising Protestant worshippers." It denied links to existing organisations such as the Orange Order.

● The victim of what appeared to be a paramilitary-style "punishment beating" was recovering in hospital yesterday with two broken legs and a broken wrist. The 25-year-old man was attacked by four masked men outside his home with what police described as "metal objects".

### TELECOMMUNICATIONS

#### Licence fee overhaul proposed

Telecommunications operators will be charged licence fees in proportion to their turnover under proposals put forward yesterday by Ofcom, the industry regulator. David Edmonds, Ofcom director-general, said the new charging structure would be fairer and more transparent. Licence fees, which pay for Ofcom's operations, rise £12m a year, about half of which is paid by British Telecommunications, the privatised utility. The rest is divided between the remaining 200-or-so operators. Public telephone operators, such as AT & T and Energis, pay £20,000. A paging company could pay only £1,000. All new entrants will have to pay a flat fee under the new rules. Mr Edmonds said the overall effect on companies was likely to be small. Alan Cane, London

### TEXTILES

#### Dewhirst to close two factories

Dewhirst, the textiles producer, yesterday announced the closure of two factories in northern England with the loss of 800 jobs. The company, which employs 5,500 people in Britain, blamed difficult trading conditions. The closures have occurred as the textiles industry is under increasing pressure due to the strong pound. Ron Bates, a regional officer for the GMB trade union, said: "The company is moving work to its three new factories abroad. We believe it has always been their intention to move the work abroad where it is cheaper. Peter Marsh, London

### ENTERTAINMENT VENUES

#### Doormen get job specification

A job specification for bouncers - big doormen who deter unwelcome visitors from entering bars and nightclubs - has been written by the British Standards Institute. BSI - in conjunction with industry representatives, the Home Office, police and leading London nightclub Ministry of Sound - yesterday published a draft code to set standards for the 100,000 men and women employed as door supervisors in Britain. The code includes guidance on appearance and behaviour, and demands training in drug awareness, first-aid, fire safety and handling conflicts. Doormen are currently licensed by municipal authorities. As each sets its own requirements there is no national guarantee of standards. "This code will establish a national benchmark which we hope local authorities will start to use as a condition of granting entertainment licences to venues employing doormen," said David Lazenby, BSI director of standards.

Ministers' interest was increased before last year's general election, when Ian McCartney, now a trade minister, had his nose broken when a bouncer head-butted him for campaigning for a national registration scheme. "People are badly beaten in pubs and clubs every night by those supposedly employed to protect them; criminals have infiltrated the industry," he said. Simon Buckley, London

### HEALTHCARE JOURNALISM

#### FT writer wins award

John Willman, the FT's Consumer Industries Editor, has been named Healthcare Journalist of the Year in the 1998 Norwich Union Healthcare/Medical Journalists' Association awards. The award was presented by Walter Merricks, the insurance ombudsman, for what he described as "a thought-provoking feature examining the case for introducing charges for some NHS services". The article drew on work carried out by the author last year while on sabbatical as research fellow at the Social Market Foundation, since published as *A Better State of Health* (Profile Books).

CARS DEAL DEPENDS ON UK STATE AID

## BMW reaches agreement with union chiefs at Rover plants

By John Griffiths in London

About 2,500 of the 39,000 employees at BMW's Rover offshoot will lose their jobs if trade union members accept deal agreed between the company and union leaders yesterday.

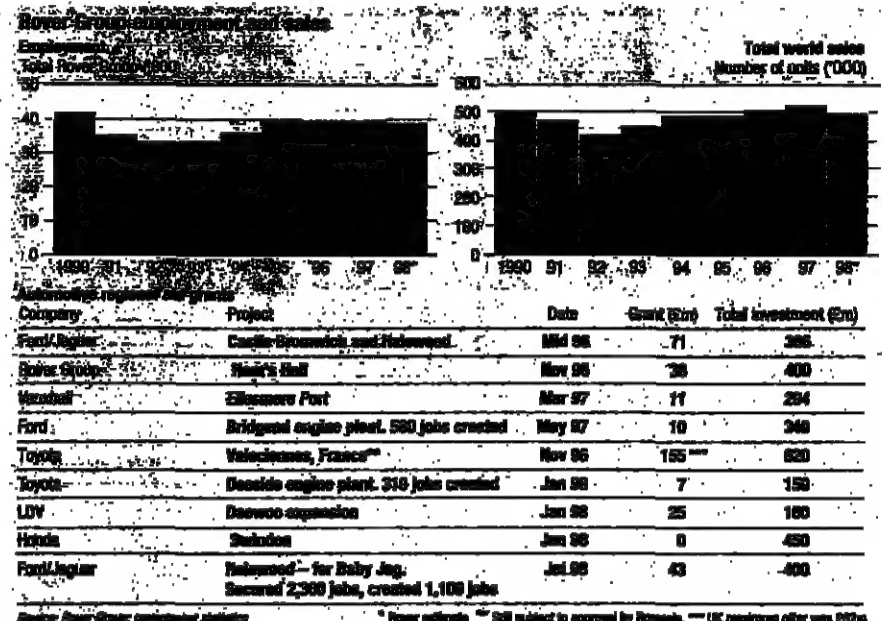
Subject to the workforce ballot, endorsement by the BMW board and financial assistance from the UK government, the future of Rover's big Longbridge factory in the English Midlands should be secured under investment. The provisional deal that Rover union chiefs brought back yesterday from a Munich meeting with Bernd Pischetsrieder, the chairman of BMW, will entail many changes in working practices. They are aimed at reducing what Mr Pischetsrieder claims is a yawning productivity gap between Rover's UK plants and BMW's plants in Germany. "But the long-term benefits of the deal far outweigh the

short-term pain for those who remain at Longbridge. Provided there are no hitches - particularly over government and EU aid - Mr Pischetsrieder should be able to announce a £1.7bn investment programme for Longbridge by early next year.

Almost £1bn (£1.6bn) of it will be used to create a state of the art production facility at Longbridge, currently a big but ramshackle collection of assembly operations that has suffered under investment. It should be capable of producing half-a-million cars a year, equivalent to Rover's current annual output.

A further £800m will go into the development and production of a new range of cars. Half is earmarked for the new Mini, which should go into production at Longbridge at the end of 2000 at a rate of 150,000-170,000 units a year.

The other £400m will be



dedicated - assuming government assistance is forthcoming - to bringing to market a range of new cars currently codenamed R30 and R35. These will replace the 300 and 400 models currently built at Longbridge.

But the R30 and R35 will not be simple model replacements. In the same way that Volkswagen, Europe's biggest carmaker, cut costs and achieved record profitability by building a wide variety of VW, Audi, Seat and Skoda cars off just four platforms - the basic engineering structure of a vehicle - so Rover will have related families of vehicles, with their production integrated between

Longbridge and the company's smaller plant at Cowley, near Oxford.

Rover is already spending more than £700m producing the Rover 75, its new executive car, at Cowley in the spring at a rate of 150,000 units a year. It is also planning to create a second assembly facility at Cowley with the potential to increase output to 250,000 cars a year by assembling additional variants of the R model ranges.

With Rover's third plant, Solihull, already producing 200,000 Land Rover models a year - more than double its output level of the early 1990s - the deal now in pro-

pect for Longbridge should put Rover and BMW on course for the combined output of 1.5m-plus vehicles a year. Prof Gerald Rhyds of Cardiff Business School, says this is the minimum the group needs to achieve its goal of becoming a long-term global company.

Assuming a ballot endorses the deal, Rover's and BMW's attention will turn to the question of government financial assistance for Longbridge. The group believes there could be as much as £170m available to offset the projected £1.7bn Longbridge bill.

Flexibility, Page 7

FOREIGN OFFICE NEW EMBASSIES ANNOUNCED IN CARIBBEAN, WEST AFRICA AND SOUTH PACIFIC

## 30 extra diplomats to be posted to EU

By David Buchan, Diplomatic Editor

Six new embassies were announced yesterday by Robin Cook, the foreign secretary, after a review of UK diplomatic representation.

They will be in St Kitts and Dominica in the Caribbean; Guinea, Mali and Gabon in west Africa; and Kiribati in the south Pacific. Consulates will be opened in Chongqing, China, and Fukuoka, Japan.

Mr Cook laid out his plan to use money given to the Foreign Office after this

year's government spending review to recruit an extra 200 diplomats and 175 other staff, close five consular posts, open nine others and sell £100m (£165m) worth of overseas property. The proceeds will be used to modernise other posts.

The moves reflect new European and commercial priorities. An extra 33 diplomats are to be posted to European Union countries and an extra 21 to EU candidate countries in eastern Europe. Representation in the five countries around the Caspian Sea will be doubled to 30. Caspian states would soon produce a tenth of the world's oil, Mr Cook said.

Britain had fewer representatives in the region than France or Germany because the former Conservative government cut overseas posts when many of these states were emerging from the

Soviet Union. Mr Cook noted that he was closing far fewer posts than had been mooted in an internal document leaked to the press this month. The Foreign Office is also to scrap its hallowed telegram system in favour of a secure e-mail network, as part of a £55m information technology upgrade, Mr Cook announced.

There are also plans to call in outside expertise - under the private finance initiative, which aims to bring private finance to public infrastructure projects - to link the department to the global

telecoms network. Mr Cook complained FO information technology had lapsed into a "pretty dire" state under the Conservative government, which spent £30m refurbishing its London office but did not solve its millennium computer problem.

The planned sale of £100m worth of property over the next five years will include the ambassador's residence in Dublin, the sale of all Bonn embassy and residential property as the German government moves to Berlin and the sale of property in Colombia and Morocco.

SHIPPING PLAN FOR LEVY ON TOTAL TONNAGE OF REGISTERED FLEET WOULD BRING UK INTO LINE WITH OTHER EUROPEAN COUNTRIES

## Tax break to be offered to boost merchant fleet

By Charles Batchelor and George Parker

The British merchant shipping fleet is to be offered a tax break to encourage more owners to register their vessels in the UK.

The tax change would involve replacing conventional corporation tax with a "tonnage tax" based on the size of the fleet. Plans are expected to be unveiled in a shipping policy paper next month.

Creating a tonnage tax

would bring the UK into line with several European countries, including the Netherlands, which has seen an increase in the size of its fleet since making the switch. Greece has taxed its shipping industry for decades based on the size of the fleet. But the Netherlands introduced a system in which a notional profit is assumed per tonne of shipping and corporation tax is then applied.

This allows the existing corporation tax framework

to be used and avoids the creation of a new tax, the UK Chamber of Shipping said. A tonnage tax would give UK-based shipowners more certainty over the level of tax they would pay compared with corporation tax. The UK shipping industry, which for years has lobbied in vain for improvements in the tax status of shipowners, believes the tax will increase the Treasury's tax take because more ships would be registered.

But it would result in a

lower level of tax paid by individual shipowners and, it is hoped, persuade some to remove their vessels from overseas flags of convenience and re-register them in the UK.

Final details of the package are being negotiated between John Prescott, deputy prime minister and chief transport minister, and the Treasury. The tax changes could be introduced in the Budget next March.

Mr Prescott, a former ship steward, is keen to revive

the industry and has taken a personal interest in the government's new shipping policy. The Treasury has traditionally been cautious to offer tax breaks to the industry but is said to have responded constructively to Mr Prescott's initiative.

However, Treasury ministers need further persuasion before agreeing to extensive fiscal assistance. "We remain concerned that there is a danger of us throwing good money after bad," said a government minister.

The size of the UK-owned fleet has shrunk by two thirds - from 37m deadweight tonnes to 11m dwt - since 1980. The number of British seafarers is down by more than 80 per cent, from 52,000 to 20,000.

"The shipping industry pays very little in the way of corporation tax as it is," said one UK shipping executive. "Switching to a tonnage tax could increase the size of the UK fleet and encourage the industry to employ more UK officers and ratings."

## True internet share dealing arrives but beware, the game may prove addictive

James Mackintosh tries his hand on a system that goes online on Monday at a higher price than its US predecessors

One small click for me, one giant leap for British stockbrokers: I had bought a share over the internet within seconds of pressing the button, ushering in a new era for UK stockbroking.

The net has made a small impression in the UK. But the system to be introduced on Monday by Stocktrade, part of Brewin Dolphin Bell Lawrie, introduces the type of broking that changed the face of north American trading.

Stocktrade is the first of

many London brokers planning online services.

But investors who choose online broking next week will find that costs have not fallen to US levels. Stocktrade is charging £25 (£41.50) a year, plus £25 a trade up to £12,500 and 0.2 per cent above that - compared with a minimum of \$5 from US broker Ameritrade.

The system is a big improvement on existing UK online services, which are just secure e-mails to the broker - exactly like a telephone call, but slower.

With true internet dealing the customer executes the trade himself rather than passing an order to someone else - so he knows the price beforehand. Stocktrade gives customers 15 seconds to accept the price offered before the quote lapses.

But the internet has a serious drawback: it is unreliable. The leading edge is described as the "bleeding edge" by many users - accurately, as I found out. The connection packed up before I had a chance to look at the system and took half an hour to restart.

Then, after buying and then selling my share (in Pearson, owner of the FT) - a remarkably easy process -

I tried to buy one in Brewin Dolphin's parent company. Obviously for Brewin this proved impossible and another internet failure was diagnosed.

Such technical difficulties

Investors who choose online broking will have to sign up to Crest, the automated settlement system

will be corrected over the coming months and Stocktrade runs a back-up telephone-dealing service. Private investors comfortable with computers will find the system almost as

easy to use as the telephone

and more secure so long as the password is kept secret.

But I will be strictly limiting my use. Even an hour on the system proved addictive. There is also the risk of

making a mistake. Trades rely on short codes instead of company names and it is easy to confuse companies. Pison and Pearson are PON and PSO, for example. Trading is possible only

when the market is open and limit orders - in which the user specifies a price and tells the system to deal if the share reaches that level - are not yet available.

Customers also have to sign up to Crest, the automated settlement system, which makes it impossible to deal in a handful of smaller companies that do not take part.

Investors must have enough money in a linked savings account to pay for shares to be bought and can only sell shares held in the Crest account.

Crest, which costs £26 a year from Stocktrade, is not for investors who like the comfort of paper share certifi-

icates since it stores these electronically to speed trading.

Unlike a broker nominee account, however, shareholders using Crest can take part in ballots and receive company reports.

For most investors, it would be worth the £26 just to get the live share prices. But Robert O'Riordan, director of Stocktrade, says those who never deal will be told politely that the system is not just for information.

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Saturday November 28 1998

## A tax on harmony

He's at it again. In a short space of time, Oskar Lafontaine, has rocked a lot of boats. The new German finance minister has already stepped on toes at the Bundesbank and the European Central Bank, calling for lower interest rates and upsetting the monetarist theology of Europe's top central bankers.

He has put American, as well as European backs up, by proposing target zones for the euro. The more hysterical parts of the UK press are already in quite a tizzy. Next on his list appears to be the UK Treasury.

Mr Lafontaine, quite reasonably, has fixed his attentions on German unemployment. The new German government wants to boost European demand through lower interest rates. If it does not get its way, the stability pact will look shaky. But Mr Lafontaine's goals are not exclusively macro-economic. He also intends to use the German presidency of the European Union - which begins on January 1 1999 - to push for harmonisation of tax rates across the EU.

The reason is that he is worried that tax competition within the EU will undermine the ability of European governments to tax companies and savings, shifting the burden onto the less mobile factor of production, labour. German unemployment is already intolerably high, in part due to the existing tax burden on employment. The last thing Mr Lafontaine wants is to make this worse. Therefore, he has seized upon an old idea, tax harmonisation, with corporate taxation at the top of the list.

Limited concern over tax competition is justified. Rich countries face diminishing scope for taxing companies because in a more globalised economy developing countries can offer an alternative, low tax location.

## Distorts competition

Mr Lafontaine is also worried about threats on Germany's own door step from competition within the EU, from countries with low corporate tax rates, notably in Ireland, Dominique Strauss-Kahn, the French finance minister, along with several other socialist politicians across the EU, agrees that what is needed is a minimum rate to prevent "harmful" competition.

But what does harmful mean? Where tax discrimination is applied between different classes of business, such as domestic and foreign companies, this is certainly undesirable. It distorts competition, and means that rather than gravitating towards the most productive location,

companies go where the favours are best. This amounts to state aid, and the EU already has an agreement on unfair tax practices. Mario Monti, the single market commissioner, has sensibly urged European politicians to concentrate on progress here, rather than confusing the issue with misguided attempts to harmonise tax levels. Mr Lafontaine would be well advised to listen.

However, as well as being an EU issue, this is also a global problem. Luckily, the Organisation for Economic Co-operation and Development has published a document on this very topic, which quite rightly steers clear of the issue of the rate of corporate taxation, and concentrates instead on unfair distortions.

## Welfare states

A country's decision to have a lower rate of corporate tax can hardly be described as harmful. Indeed, if competition leads to lower levels of corporate tax, this is a good thing. Competition should bring harmonisation of corporate taxes at lower levels. Rates should not be forced up across the board by political pressure from highly taxed countries, such as Germany, Austria, and France.

To compensate, these countries should find ways to reduce the share of government spending in GDP, most urgently by slimming down unwieldy welfare states. This, of course, is not what Mr Lafontaine and his counterparts in France and elsewhere were elected to do. However, the need to shift the burden of European pensions from the public to the private sector is not something that can be avoided for long; the demographic burden of ageing populations will soon intervene. The harmonisation of corporate tax rates makes a poor fig leaf.

Worse, it could provoke an uneasy tussle on the issue of centralisation of power in Europe just as a time when political energies should be pointed elsewhere - at making a success of the euro and of expansion to the east.

The levels and mix of taxation are issues for national governments to decide. Gordon Brown, the UK chancellor of the exchequer, is right to say that he will fight any attempt to impose minimum levels of corporate tax.

Mr Lafontaine should settle for an agreement to harmonise the definitions of tax bases across the EU for corporate tax, as is the practice across states with different tax rates in the US. Greater transparency would make abuses clearer. It would also encourage healthy tax competition.

Nothing in Martin Taylor's five years in the post of chief executive of Barclays, one of the UK's largest and proudest banks, have been less glorious than his departure.

Although it has been clear for some time that Mr Taylor had little appetite to stay at Barclays for the 10 years he set himself when he took over as chief executive in 1994, the abrupt announcement of his immediate departure yesterday left the bank scrambling to fill the breach with a stop-gap chief executive and chairman. It is doing so at a time when banks round the world have been buffeted by unprecedented volatility which has taken its toll on chief executives on both sides of the Atlantic. Mr Taylor is the third to leave unexpectedly in the UK after Mike Blackburn at Halifax and Malcolm Williamson at Standard Chartered. At the same time, consolidation among the world's biggest financial institutions is raising doubts about the future of medium-sized banks like Barclays.

For a man who has been called "the golden boy of British banking" more often than most people cash cheques, the departure was unusually messy. How different was his effortless ascent from financial reporter (he used to work at the Financial Times), through managing Courtaulds textiles business, to one of the grandest positions in the British financial establishment?

Mr Taylor's achievements at Barclays are considerable. "From where he started off the group as it was in the last cycle - not a bad achievement," says Sir Peter Middleton, the former Treasury mandarin who is coming out of semi-retirement to take over as chief executive for the short term.

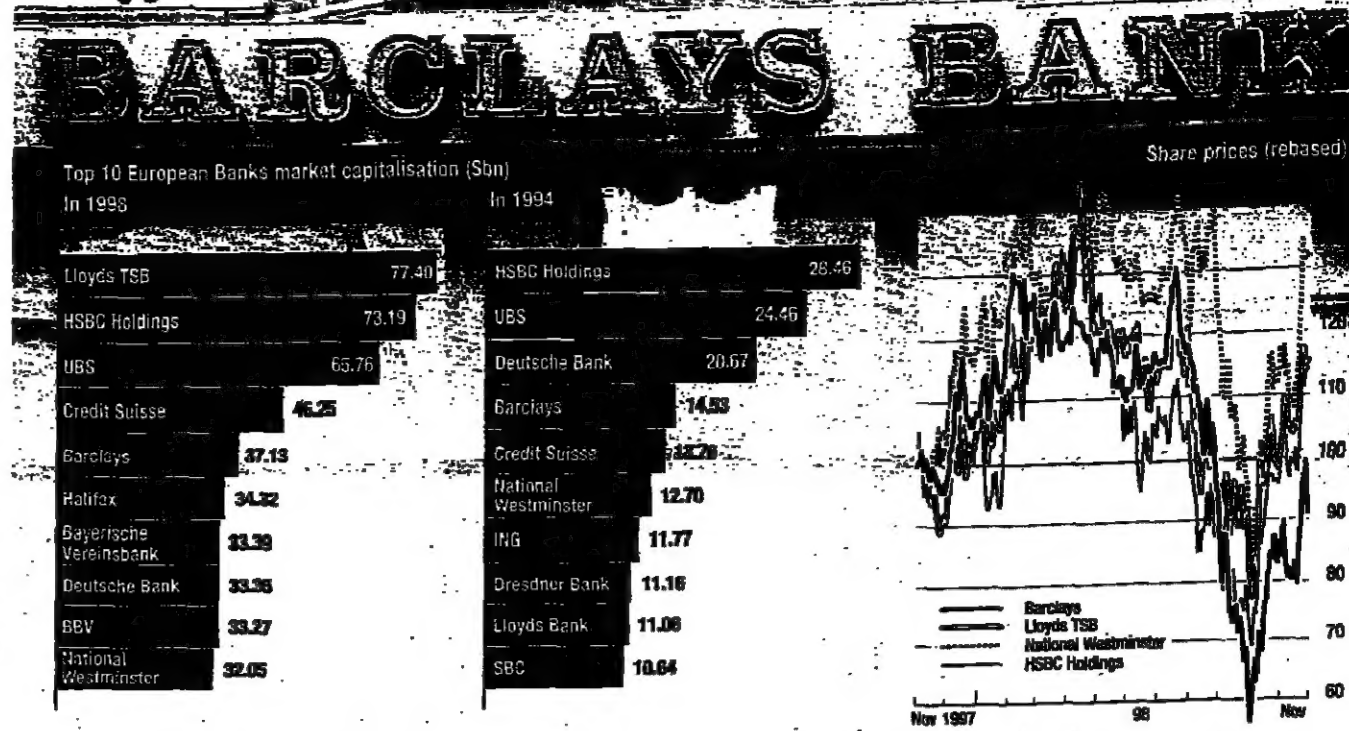
Sir Peter will then replace Andrew Buxton, the current chairman, as soon as a new chief executive is appointed, but only expects to stay in that post for two to three years.

Sir Peter denies that there has been any rift between Mr Taylor and the Barclays board over the group's strategic direction. He also says that there has been no lack of support from the board for what Mr Taylor wanted to do.

He claims that Mr Taylor told the board on Tuesday of his intention to leave quickly. He says that he and Sir Nigel Mobbs, the senior non-executive director on the Barclays board, tried (not very hard) to change Mr Taylor's mind, but concluded that if he had decided to leave, it was better to make the break immediately. "If Martin's heart had gone out of the business, it was much better for him to go rather than have him limp on."

Yet the suddenness of yesterday's announcement leaves Barclays, which until recently has appeared much more certain of its future than, say, arch-rival National Westminster

## Losing ground



## Bank, looking curiously adrift

Some bankers even wonder whether his departure might be the signal, at last, for movement in the frozen ranks of UK banking, a sector which many feel is ripe for the same sort of consolidation that has proved inevitable in so many other industries.

When Mr Taylor took over as chief executive, the bank was struggling under the burden of a bad property portfolio, and had reported an unprecedented £250m loss in 1992. Mr Taylor himself acknowledges that many of the changes needed for the bank were already under way when he arrived. Nevertheless, he is widely credited by investors with leading a cultural change in a bank which had tried too hard to be the largest in Britain, at the expense of being the most profitable.

Until last year, that left Barclays as a widely respected bank, admired by investors and stockbrokers' analysts for the discipline with which it approached the business of making the best possible returns for shareholders, adjusted for risk.

The shadow over that picture, however, was BZW, Barclays' investment bank. The intensity of competition in this field left Mr Taylor convinced that Barclays could never hope to build BZW into a business that could match the top tier of "bulge bracket" investment banks - almost all of them American.

The messy sell-off of BZW's equity and advisory businesses in October 1997 tarnished Mr Taylor's "golden boy" reputation. But the bank insisted that its slimmed down investment banking operations - renamed Barclays Capital and focused only on

the debt side of the business - had a viable future as an intrinsic part of the group.

This summer put paid to that. After the effective default of the Russian government on its domestic bonds, Barclays announced that it expected to take a charge of around £250m on its securities portfolio in Russia - an area where few of the bank's shareholders had any idea it

**'If Martin's heart had gone out of the business, it was much better for him to go rather than have him limp on'**

could be so seriously exposed.

Suddenly, Barclays stood once again where it had been before the painful decision to sell off the BZW unit as an excellent retail and corporate banking business burdened with a high risk, low earnings quality investment bank.

With the abandonment of proprietary trading, Barclays Capital might now seem to be back on track. Nevertheless, doubts about its future within the group remain stronger than ever. With Deutsche Bank due to announce on Monday that it is willing to pay \$9.7bn for Bankers Trust, a US wholesale bank similar in broad outlines to Barclays Capital, the British bank is once again confronted by a decision over whether to fold its hand in this particular poker game.

Sir Peter says there is no question of selling Barclays Capital, which provides capital markets and financial engineering services needed by many other parts of the group. But he acknowledges that it could be reconfigured.

"The discussion is about where it is placed, not about whether it exists," he said yesterday.

The logic of everything Mr Taylor has done in the past five years, however, leads much more directly down the path followed by Sir Brian Pittman and Peter Ellwood at Lloyds TSB - away from investment banking and towards a focus on more stable and profitable retail financial services - than in the direction of further efforts at building investment banking.

"Five years from now, I am happy to predict that Barclays will be a retail bank," says Richard Coleman, UK banking analyst at Merrill Lynch, the US investment bank.

This dilemma is one that Mr Taylor's successor, who is being sought both internally and externally, will have to resolve. But the same question is faced by other British banks, most acutely by NatWest.

Changing customer demands and technological innovation have already changed the face of banking, leaving traditional branch banks looking heavily footed in the face of nimble specialists, such as First Direct, a telephone banking operation itself the subsidiary of the UK's Midland Bank, or MBNA, the US credit card bank.

The cost of investment has risen rapidly in a business which is only just starting to come to grips with the potential for cen-

tralising and industrialising its processes. Few banks are still able to pay the technology bill needed to remain a leader in areas as diverse as custody, cheque clearing, life assurance and equity derivatives.

Continental banks such as Deutsche cling to the idea that they can remain universal banks, spanning everything from investment banking to personal finance. Few of their British competitors believe they can do so while producing the sort of returns that shareholders expect.

In the UK, this belief has led several banks to prune their portfolio of businesses. NatWest, for example, recently shed some consumer finance operations where it felt it could no longer compete, while Woolwich, the former building society, sold off its estate agency.

There is little evidence yet, however, of banks concluding that they simply have no future on their own, and should allow themselves to be taken over.

At Lloyds, Sir Brian believes year or so of economic downturn will increase the amount of pain felt by the weaker players, making them more amenable to take-over. He stands ready to oblige. Yet all the British banks enter this downturn in far better financial shape than they did the last, and there is as yet no sign of real financial pain.

"My own guess is that over the next five years we will see rationalisation of some kind, but it's very difficult to see where the moves might come," said Keith Whitson, chief executive of HSBG Holdings. But, then, the day before yesterday, it was very difficult to see Martin Taylor suddenly resigning.

## MAN IN THE NEWS MARTIN TAYLOR

## A lonely maverick

Jane Martinson tracks the dramatic entry and exit of a leading player in the theatre of banking

When Martin Taylor was a journalist he used to say that four years was long enough in any job. The youthful boast may come back to haunt the man who yesterday resigned as head of Barclays, one of the UK's largest banks, after less than five years.

Among the many questions posed by yesterday's departure was whether Barclays' chief executive simply became overwhelmed by the pressures of the job, or was defeated in his battle to break the mould of British banking.

One of Mr Taylor's ardent supporters said: "British banks are megalithic bureaucracies which are hopelessly overmanaged and desperately old fashioned."

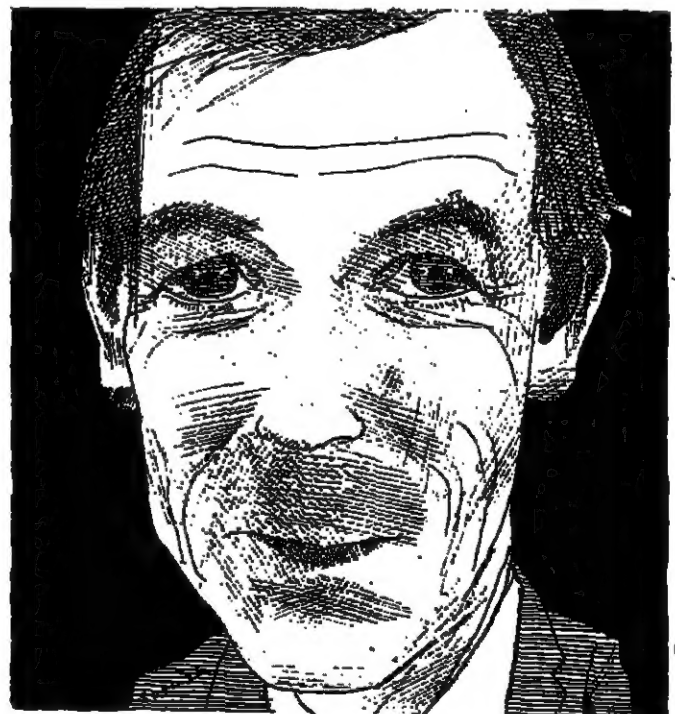
"You need a thug to run these businesses and Martin was too fair minded, too intellectual. What's more, he was on his own."

But the abruptness of the decision struck a chord with other observers. "He is not really someone who sticks with something for a very long time, is he?" said one banking analyst.

In answer to a query about the timing of Mr Taylor's move, Sir Peter Middleton, interim chief executive, said: "That's to do with his personality. He is an extremely decisive person."

"Maverick", "mercenary", "generous" and "sensitive" were other words used to describe the former City golden boy yesterday. These are not the terms typically used to describe banking chief executives.

Mr Taylor was the first outsider to be appointed to head Bar-



pointed out yesterday: "He was obviously under pressure from shareholders and the board and maybe his temperament is not the type to keep grinding away when things are difficult."

At the time of his appointment Mr Taylor said he expected to stay in the same job for a decade, about the same time as his tenure at Courtaulds.

More recently, he had been heard complaining that the job was "too gruelling" to be done by a man in his 50s (he is now 48).

Mr Taylor won a reputation as a solitary man, preferring to read rather than socialise. One supporter said: "He lives in a world of his own intellect. He is a loner, not like those glibly successful businessmen who do well without so much as a shred of intelligence but are good in the golf club."

Another long-time friend said: "The only vice I've known Martin to be guilty of is over-indulgence in oysters."

His lack of clubbability could

not have helped during recent months. One former colleague said: "Martin had a zero relationship with his management team. He lived in splendid isolation. He didn't have a single adviser who he trusted or who trusted him."

His status as a loner may explain why he did not fill top executive positions with his own choice of candidates until fairly recently. His forte appeared to be in encouraging a squadron of younger executives, many of whom are passionately supportive of him.

Many observers are keen to know what Mr Taylor will do next. A political career has been widely touted following his performance as head of the government's welfare-to-work taskforce.

Before his next move, however, he may have to work hard to answer many of the questions raised by yesterday's departure. Additional reporting by Clay Harris and Christopher Brown-Humes.

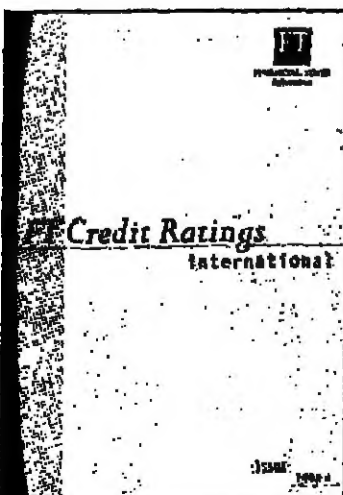
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FINANCIAL TIMES Information

صكنا من الاصل



**"I** If you were ever going to build a car factory you would not choose Longbridge," concedes one Rover official. "The best you can say is that it has evolved over the years."

It is just starting a new stage in its evolution. After months of negotiation, the 14,000 workers at the UK's biggest car plant are expected to agree to flexible working practices already employed at BMW's factories in Germany. The alternative, warned Bernd Pischetsrieder, BMW's chairman and a great nephew of Sir Alec Issigonis who designed the Mini (built at Longbridge) was jobs cuts, a freeze on investment and the transfer of models to other factories. This would certainly condemn the Birmingham car plant to death.

But wait a minute. Surely Britain is supposed to be the country with lots of labour flexibility, compliant unions and free market practices. Germany is alleged to be full of overpaid workers and unions that cling to a 35-hour week.

That is not the way it looks if you compare Longbridge to Regensburg, one of BMW's trio of factories around its headquarters in southern Germany.

Regensburg is a cathedral-like, bright modern plant of 8,500 workers built on a greenfield site on the main highway between Nuremberg and Passau. BMW has poured in about DM3.5bn (\$2.2bn) of investment since it was built in 1986.

Longbridge is a jumble of buildings and roads jostling for space in a 100-year-old site in the suburbs of Birmingham. Some of the buildings resemble a slightly shabby 1950s schoolhouse; workers toil on cramped production lines little changed over the past 40 years.

A walk down the production line at Regensburg shows how much more flexible Germany's car workers have become. It was Regensburg's workers who pioneered the first of BMW's

flexible working time schemes at the end of the 1980s. Out went the standard eight-hour day, five-days-a-week shifts. Instead, workers on the Regensburg factory floor adopted variable shift patterns, which means they work on average nine hours each day, for four days a week, and are regularly required to work on Saturdays for no extra pay. In this way, Regensburg's expensive machines are kept running longer, cutting the cost of capital used per car significantly. Its assembly lines are turning out cars for 108 hours a week (compared with 80 hours a week before the changes). There are no stops for holidays.

Moreover, a "working time account", introduced in 1996, allowed the company to ask workers at Regensburg to work longer hours for overtime pay during periods when demand is strong and

production has to be increased quickly. This freed Regensburg to react to sudden shifts in demand more easily, and in return workers can take time off later in the year.

Compare all that with Longbridge. Its working practices may be better than they were in the dark days of the 1970s. Deals struck earlier this decade swept away unions' powers to insist on maddeningly restrictive working rules. But they are still not good enough for BMW: workers continue to work rigid 37-hour, five-day working week, with shifts and a crucial sticking point for the German parent - generous overtime payments. "Overtime pay for Saturday is something that is ingrained in the British worker's mind," says a Rover official.

But it is not only the

workers who seem inflexible: the whole factory is more of a stop-start affair. Under the impact of the rise of sterling and falling exports, demand has dipped and some of Longbridge's shifts have already been cut back. Moreover, the plant will close for a month over Christmas, and workers will be paid to sit at home. This is anathema to BMW's managers back in Munich.

In Regensburg meanwhile, the whole factory is made flexible, not just the workers. Several car models can be built in the same factory at the same time. In this way, production can be shifted quickly between plants to use spare capacity. Bus services transfer workers to different factories depending where demand is strongest. BMW says the buses serving the isolated Dingolfing plant travel a distance equivalent to a trip

around the world each day.

"We changed our speed during the second half of the 1990s," said Joachim Milberg, BMW's head of production and one of the architects of the changes. "Unions were amenable to this. Workers all know that it is necessary to improve productivity."

BMW has been supported in its transformation of the Regensburg shopfloor by local works councils, who, according to the peculiar German arrangement, share in the company's management by having representatives on BMW's supervisory board. While Germany's national unions have been more resistant to change, works councils have supported innovation to save jobs. BMW says that the changes at Regensburg proved so successful that workers at its other Munich factories clamoured for the

same practices to be applied at their plants.

At Longbridge, unions are more reluctant. At first, they were deeply opposed to BMW's proposed changes, though their resistance has softened since Mr Pischetsrieder's threats. The big increases in labour productivity could come now as a result of the company's changes. By introducing Regensburg-style working practices, BMW would save on labour costs because overtime pay would be reduced, while capital costs would be cut because machines would not be standing idle for so long.

Moreover, improving working time and the rest is only part of the battle. A chief reason why Regensburg is more productive than Longbridge is that German carmakers work with much better machines. BMW is promising to upgrade the equipment at Longbridge as part of the labour changes.

The Germans also produce higher priced cars. "They need to get away from the high-volume killing fields of the car market. They need to redesign," says Nigel Griffiths, auto analyst at DRI, the research group.

Longbridge has a long way to go. Pre-tax profits per worker at Longbridge fall far behind Regensburg. The gap, according to Mr Pischetsrieder, is around a third. (Longbridge produces more cars per worker each year but they are smaller, cheaper and quicker to turn out than the grander machines at Regensburg). "In terms of contribution per worker we lose hands down," says Kevin Howe, managing director of the Longbridge plant.

And that goes for union members too: the base salary of Regensburg workers is £20,000 (\$33,200); at Longbridge, it is £16,500. But it took the German workers a long time to achieve that standard of living. It may take their British colleagues a long time to catch up. *Additional reporting by Juliette Joubert*

## From the letter of the law to questions of morality

The British judiciary is moving away from purely precedent-based decision-making to more 'political' deliberation, rather like that in a constitutional court, says Robert Rice

**A**s the five law lords rose one by one to deliver their judgment on General Augusto Pinochet last Wednesday, one way in the public gallery said it looked more like a penalty shoot-out than the highest court in the land delivering a landmark decision: Pinochet loses two-thirds and goes on to challenge the home secretary in the decision.

If the sight of five men in business suits passing judgment on a politically emotive issue was unfamiliar, it is unlikely to remain so for much longer.

Unlike its neighbours on the continent, the UK does not have a written constitution; it has therefore never had a constitutional court.

But the House of Lords, which soon took on the role of such a court, like the US Supreme Court or South Africa's Constitutional Court, because parliament recently passed the Human Rights Act, which incorporates the European Convention on Human Rights.

As a result, all judges will be able to declare existing legislation incompatible with the European Convention on Human Rights, even though they will not have the power to strike down laws. The government, however, will be under moral pressure to rectify laws that judges deem incompatible with the human rights charter.

This represents a fundamental power shift from parliament to the courts in the UK. In the British tradition, judges cannot challenge laws. Parliament makes the law, the courts interpret it. They do so for the most part by reference to precedent. The convention imports a different tradition into English law - from continental Europe, where judges may decide whether laws are valid according to "first principles" enshrined in a constitution.

The changes under way in the UK could enable judges effectively to rewrite much of the UK statute book.

Much of what the courts do in their new role will be uncontroversial. But the trickiest issues will fall to the law lords to decide.

The 50 or so cases involving the UK that have been heard by the European Court of Human Rights in Strasbourg over the past 20 years - from the torture of Irish Republican Army

**The changes could enable judges effectively to rewrite the statute book**

terrorist suspects in Northern Ireland in the early 1970s to SAS shootings in Gibraltar in the 1980s - are an indication of the tough ethical, moral and politically sensitive questions the law lords might have to tackle.

The Lord Chancellor, head of the judicial system, acknowledges that some judges may in future wish to make their decisions based on the "morality" rather than the bare letter of the law. This means the political balance of the five-member

law lords panel suddenly assumes a new importance. As the ruling against Gen Pinochet showed, the views of a single judge can swing a decision.

And yet the secret process by which judges are appointed to the House of Lords means that the public knows very little about the politics of the senior judiciary.

When Nicholas Braithwaite QC was appointed recently as Britain's first full-time judge at the unified European Court of Human Rights, he was grilled by a selection panel of senior judges, civil servants and a lay representative.

When judges are appointed to the UK Supreme Court, they are publicly examined by the Senate.

But when judges are appointed to the House of Lords, they are named by the Queen on the advice of the Prime Minister following a recommendation by the Lord Chancellor who has taken "soundings" among his fellow senior judges.

The Labour party, when in opposition, was committed to ending the secrecy of judicial appointments. Since coming to power, however, the Lord Chancellor has put the issue on the back

burner.

Many lawyers feel the advent of the Human Rights Act those plans should be revived as a matter of urgency. "We need a judge-dominated commission for appointing and removing judges and rather clearer criteria, but I'm not in favour of public hearings," says Lord Lester, the Liberal Democrat peer and human rights lawyer.

The issue is crucial in relation to the devolution of political power to Scotland, Northern Ireland and Wales, and to disputes which have "federal" and human rights dimensions. In those circumstances, challenges to the make-up of the panel are inevitable, says Lord Lester. "That's why I am pushing for the establishment of a proper constitutional court," he explained.

In the past, the judiciary has shown itself remarkably adept at keeping out of politics. But the Pinochet judgment may have struck many people as different. It was certainly surprising, but was it political?

To most lawyers, the Pinochet judgment was not a political decision. As Lord Lester, an international law expert at Clifford Chance, the UK international law firm, points out there were strong points on either side, and over six days the lords took great pains to hear all the arguments, even enlisting the help of academic experts on international law.

In finding against the general what the court did do, however, was appear to abandon a strict adherence to the precedents of the past. "It was innovative. No other country, not even the US, has gone this far in asserting jurisdiction over such matters," says Ms Lindsay.

"It wasn't a political decision. It was more a case of a constitutional court deciding how to construe our statute book against the norms of international law," says Lord Lester.

As such, it may provide a forerunner of what is to come.



Hiroshima: a moment and place where the Japanese could accurately portray themselves as victims

## Japan's wartime ghosts

Ugly memories of the past have been subject to collective amnesia, says Paul Abrahams

**T**he living and the dead of the second world war returned to haunt Japan this week. During the first visit to Japan by a Chinese head of state, Keizo Obuchi, prime minister, was unable to sign an apology for Japan's military atrocities in China during the 1930s and 1940s after diplomats failed to find a wording that was acceptable to both sides.

On the same day, a Tokyo court dismissed a suit by 20,000 former Allied prisoners demanding an apology and compensation. A British veteran spat on the steps of the Diet, saying there was "no justice in Japan".

Even more extraordinary, at yesterday's summit meeting in Tokyo with Jiang Zemin, China's communist leader, Obuchi, Japan's chief cabinet secretary, claimed that only a "small group of militarists" was responsible for Japan's invasion of China - an episode that included mass murder in Nanjing and other cities. "Isn't this a finished crime?" asked Mr Nomaka. No, it is not. These diplomatic gaffes served as a reminder of Japan's inability to make peace with itself or its neighbours over its role in the second world war.

The extent of Japan's disaster is evident from the fact that the Japanese cannot even decide what to call the conflict. It is referred to as the "Pacific war", the "greater east Asia war", the "China incident", the "Japan-China war", and the "15-year war". There is also controversy over when it

began. Did it start in 1941, when the Japanese attacked the American fleet at Pearl Harbor, or in 1931, when Japan seized Manchuria?

From the cabinet to the classroom, Japan is in denial. This is particularly true over the behaviour of the Japanese Imperial army. As recently as August, Shoji Nakagawa, the newly appointed agriculture minister, claimed it was not certain the army had forced Asian women into prostitution, even though the government had already admitted this to be true in 1993.

That senior politicians can make such statements is not surprising given the sanitised way this period is taught in Japanese schools. Some historians, like Saburo Ienaga, a university professor and author of history textbooks, fought official censorship for decades. The ministry of education removed references in his work to a Japanese germ warfare unit which conducted experiments in northern China. It also rewrote a description of civilian deaths in Okinawa, and the massacre of more than 200,000 Chinese in Nanjing in 1937. After a 32-year legal battle,

Mr Ienaga partially won his case before the courts: references to the germ warfare unit were reinstated, but the ministry's views were upheld on other issues.

Nobukatsu Fujio, another university professor, has proposed removing all references to Japanese war crimes from textbooks because they are "masochistic". He would prefer more "cheerful" history lessons.

What societies choose to remember, or forget, about the past reveals much about how societies want to regard themselves in the present.

The problem for the Japanese is that the war does not fit neatly into the way they view themselves or their history. Bayoneting ageing Chinese farmers and their infant grandsons is not an integral part of bushido, the ethical code for samurai warriors. The result is that memories of massacres and mistreatment have been subject to collective amnesia, and effectively stricken from Japanese history.

Chinese demands for written apologies, therefore, are awkward because they remind the Japanese of what they wish to forget.

It is true that the collective memories of different nations may be marked by different events. Ian Buruma, author of *Wages of guilt: memories of war in Germany and Japan*, argues that the defining moment of the war for Germany was not May 1940, Stalingrad or even the battle for Berlin. But until it faces up to its past, Japan will not lay its wartime ghosts to rest.

bor or the battle of Midway, but Hiroshima: a moment and place where the Japanese could accurately portray themselves as victims.

And whereas the defeat of the Third Reich gave Germany a new political regime with which to start anew, in Japan, the emperor and most pre-war political structures were left intact by the occupying US forces. So Japan, bludgeoned by two atomic bombs, renounced war, but it was difficult to tell the difference between the society that had espoused militarism and the post-war society that espoused peace.

If Japan were to face up to its imperial past, however, its status in Asia would be transformed. At present, Japan does not have the moral authority to match its role as the largest donor in the region.

Contrition might also be a cathartic experience for the Japanese. Because Japan denies atrocities took place, the full horror of the war has not been acknowledged. It is a situation which tragically also prevents the Japanese from being able to pay tribute to the 3m of their people who died during the conflict. Their suffering has been almost forgotten.

The tragic tales of Japanese soldiers, who faced starvation, abandonment and execution at the hands of their own officers, would perhaps persuade former Allied prisoners of war to consider their shared humanity with the Japanese. But until it faces up to its past, Japan will not lay its wartime ghosts to rest.



## LETTERS TO THE EDITOR

### One troubled individual cannot speak for a whole generation

From Dr Martin Stephen.

Sir, Simon Buckley highlights a serious problem in his article on drug addiction in the City ("The smacker: smart young men with a heroin habit are on the increase", November 21), but he makes one grave mistake.

Anyone who has spent more than half an hour in the company of a committed drug abuser will recognise the authenticity of the Mr Buckley quotes - "as at most schools, almost everyone took dope, speed or acid" - as well every magistrate who has heard an offender justify his or her crime with the cry: "But everyone was doing it..."

Some young people do indeed experiment with drugs - fewer than half, if

recent research is to be believed. Fewer still carry on with their involvement beyond the first-try, experimental stage. Even fewer move on to class-A substances such as heroin and cocaine.

There is every excuse for 'Jarrett' and his claim that everyone does what he did. There is less excuse for the claim that one troubled individual can speak for a whole generation.

I believe Manchester Grammar School has the most effective drugs policy of any school I have known, and I have come to have a great respect for the common sense the young men of this school show in a variety of areas.

However, local circumstances are not really the issue. If we are going to beat

the drugs problem it will be by reinforcing the conviction of the majority of young people who see drugs for what they are.

Everyone is not a criminal, everyone is not a fool, and young people often show more sense than adult society in general.

Simon Buckley is right to isolate a problem and invite discussion of it. He is wrong to suppose that 'Jarrett' and his lifestyle are in the majority.

The danger of such an article is that it validates the lifestyle of the wrongdoer by suggesting that such people are in the driving seat.

Martin Stephen, high master, The Manchester Grammar School, Manchester M13 9ET, UK.

### Déjà vu all over again

From Peter McGregor.

Sir, The spectacle of another chancellor of the exchequer telling us that Britain's problem is competitiveness is déjà vu all over again. In my experience there have been at least four cycles since the war. We have had comparative studies of the United States, Germany and Japan. It is government, not industry, that has proved incapable of learning from such comparisons.

The current argument about supermarket buying power and the pressure of suppliers is not a new problem. We drew attention to it in the National Economic Development Organisation in the early 1980s. Not only is there pressure on prices but suppliers are forced to produce to the buyers' designs, which may not be exportable. When we

suggested that putting all the power in the hands of large purchasers was not the recipe for economic success, as some were suggesting, there was a shudder among the ministers around the table.

Conservative ministers for the most part know little about the market economy in spite of their desire to emulate the US. There, the Robinson-Patman act prohibits discounting by large retailers' suppliers unless it can be shown to be economically justified in costs rather than merely reflecting buying power. We suggested that a British version should be considered. But even then the supermarkets were too politically powerful.

Peter McGregor, Longworth, Dacre Cottage, Oxfordshire OX13 5HH, UK.

### Dependencies should probe the UK

From Jonathan Overland.

Sir, Your leader "Offshore verdict" (November 20) says that "suspicions of a well-coming environment for shady dealing and financial crime... have not been dispelled by the uncovering of regulatory weaknesses in the review of the UK regulatory system. The very same BCCI (twice declined a banking licence in Jersey) and Barings, not to mention Maxwell, pensions mis-selling and probably FSAVCs as well, must surely be evidence of much wider failings."

I propose the Crown dependencies now conduct a review of the UK regulatory system. The very same BCCI (twice declined a banking licence in Jersey) and Barings, not to mention Maxwell, pensions mis-selling and probably FSAVCs as well, must surely be evidence of much wider failings.

Jonathan Overland, 7 Thornhill Park, Jersey, JE3 7ZA, UK.

### Statistics cannot conceal the progress of the east

From Mr Nicholas J. Kacemell.

Sir, You are correct in your editorial "Polish transition" (November 25) in remarking on the strides Poland has made since 1989. Not even the reams of often confusing economic statistics can hide this fact. Likewise, no amount of statistics can conceal the appalling backtracking by various EU governments on the issue of EU enlargement. Of course, such statistics will be used by the opponents of enlargement for exactly this purpose.

It is important, therefore, to make one brief comment on your place. You note that Poland stands out as the only country "among the leading pack" that has progressed beyond where it was in 1989. The problem is this

type of statistic neglects the far more important fact that while absolute production in the other countries may only be at 1989 levels (in fact, for Hungary and the Czech Republic slightly below 1989 levels), the quality and utility of the economic production of these countries for the populations of these countries, and the world at large, far exceeds what was being produced a decade ago.

A visitor to any of these "leading pack" countries (including Slovakia) will quickly notice that despite the statistics, the economies are much further advanced than one would otherwise be led to believe.

Nicholas J. Kacemell, CAIB Securities, 245 Park Avenue, New York, NY 10128, US.



## COMMODITIES &amp; AGRICULTURE

## Opec fails to halt slide in crude

## WEEK IN THE MARKETS

By Paul Solman

World oil markets focused on the conference of the Organisation of Petroleum Exporting Countries, and hopes that the meeting would recommend further supply cuts to bolster flagging crude prices.

However, even before oil ministers gathered in Vienna, crude prices began to drift downwards on fears that no firm action would be approved.

Opec's announcement came late on Wednesday. The 2.6m barrels day of supply cuts agreed earlier this year would stand, and any decision on additional cuts would wait until the organisation's next meeting in March.

The benchmark crude price on London's International Petroleum Exchange responded by diving to a 12-year low of \$10.85 a barrel.

It remained subdued for the rest of the week, but helped by Thursday's US Thanksgiving holiday, for which the US oil market at the New York Mercantile Exchange was closed.

In late trading yesterday, IPE Brent blend for January delivery was \$11.18, compared with Thursday's close of \$11.00, a loss of 50 cents on the week.

Robusta coffee was stronger on the London International Financial Futures and Options Exchange, after reports that Vietnam, one of the largest exporters of robusta, had suffered crop damage.

By the close yesterday, the

## Coffee

London Robusta, 2nd position

(\$ per tonne)

1750

1700

1650

1600

1550

1500

1450

1400

1350

1300

1250

1200

1150

1100

1050

1000

950

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850

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## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Associated Metal Trading)

IN ALUMINIUM, 99.99% (5 per tonne)

Date: 28/11/98

Close: 1295.00

Open: 1294.50

High: 1300.00

Low: 1290.00

Settle: 1295.00

AM Official: 1295.00

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## Precious Metals continued

IN GOLD, 999.9 (100 Troy oz; \$ per oz)

Date: 28/11/98

Close: 295.40

Open: 295.40

High: 295.40

Low: 295.40

Settle: 295.40

AM Official: 295.40

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## GRAINS AND OIL SEEDS

IN WHEAT, 100 bushels (\$ per bushel)

Date: 28/11/98

Close: 77.95

Open: 77.95

High: 77.95

Low: 77.95

Settle: 77.95

AM Official: 77.95

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## CURRENCIES &amp; MONEY

## D-Mark softens

MARKETS REPORT  
By Alan Beattie

Expectations of looser monetary policy in Europe nudged the D-Mark lower yesterday in a water-tight market, suggesting further falls could be on the way.

Attention has turned to the prospects for rate cuts in core Europe, perhaps even before the beginning of the year. A variety of comments from officials over the past couple of days have appeared to show that the apparent gulf between central bankers and politicians in Europe is diminishing.

The D-Mark softened against the dollar and sterling, closing in London down against the US currency at DM1.708. The D-Mark barely moved against sterling, which was eased by its own problems of a weak domestic economy. The German currency finished at DM2.829, little changed from Thursday's close.

The D-Mark even failed to make much headway against the currency market whipping boy, the yen. The Japanese currency staggered back on to the ropes after another absorbing another flurry of blows in the form of data showing falling industrial production and retail sales, and unemployment remaining at record levels.

But the D-Mark barely moved against the yen, closing up at ¥178.9, only a little higher than on Thursday.

Paradoxically the recent diminution of calls from politicians for the European Central Bank (ECB) to cut rates may have made such a move more likely.

Central bankers will now face fewer accusations of acting under political pressure if they make such a move.

Wim Duisenberg, the president of the ECB, said yesterday that "in certain circumstances... if production, inflation and employment all move in the same direction, monetary policy can play some role in stabilising output and employment growth, without endangering price stability."

Some of the nascent band of ECB watchers inferred from this that the present combination of low inflation and declining business confidence in the euro economies would allow the ECB to win some friends by easing rates.

Having defied gravity for some time the Australian dollar turned upside down yesterday and bounced down below the \$0.64 level.

The Aussie has recently outperformed its dollar bloc cousins in Canada and New Zealand, finding support from a healthier domestic economy, various equity-related capital flows and rumours that hedge funds were unwinding short positions in the currency.

But steep falls in commodity prices and expectations

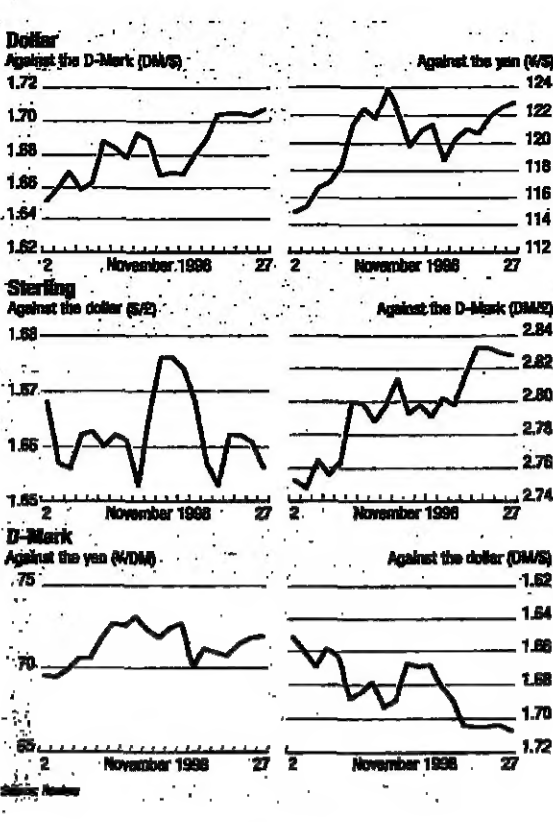
of a further rate cut by the Reserve Bank of Australia finally halted the Aussie's rise against the dollar.

Yesterday the Australian dollar fell in Asian trading and at the start of the European dealing session, and at London's close it finished down against the dollar at \$0.6385, compared to \$0.6375 on Thursday.

"Funds flowing in to the Australian dollar, including those connected with purchases of Telstra stock, have driven the currency higher in recent weeks," said James McKay, currency and fixed income strategist at the Commonwealth Bank of Australia in London.

"But once these flows dried up, the currency was always likely to come off a bit. The fair value for the Aussie dollar based on commodity prices is about \$0.62, but we think that a level of around \$0.635 is more likely in the near future."

The RBA's monthly bond meeting next week provides the best opportunity for a cut in interest rates for the dollar, but the RBA wants to move before the end of the year.



## POUND SPOT FORWARD AGAINST THE POUND

Nov 27	Closing	Change	High	Low	One month	Three months	One year	Bank of
	mid-point	on day			Rate	Rate	Rate	England
Germany	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
France	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Italy	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Spain	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Sweden	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Switzerland	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Japan	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
US	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
UK	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Canada	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Australia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
New Zealand	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
South Africa	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
India	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
China	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
South Korea	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Thailand	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Malaysia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Singapore	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Indonesia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Philippines	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Maldives	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Brunei	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Myanmar	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Burma	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Vietnam	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Laos	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Cambodia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Timor	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
East Timor	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
West Bank	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Gaza Strip	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Jerusalem	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Hebron	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Nablus	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Tulkarm	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Ramallah	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Bethlehem	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Jericho	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Qalqilya	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Nazareth	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Safed	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Tiberias	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Haifa	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Beirut	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Tripoli	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Lebanon	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Damascus	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Hama	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Homs	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Latakia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Tartus	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Quneitra	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Idlib	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Latakia	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
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Idlib	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
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Tartus	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Quneitra	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.920
Idlib	16.920	+0.005	16.925	16.915	16.920	16.920	16.920	16.92



## UNIT TRUSTS

## WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:

Fidelity American

BOTTOM FIVE OVER 1 YEAR:

Dimensional UK Smaller Cos

TOP FIVE OVER 3 YEARS:

Newton European

BOTTOM FIVE OVER 3 YEARS:

Old Mutual Thailand Acc

TOP FIVE OVER 5 YEARS:

Schroder Seoul

BOTTOM FIVE OVER 5 YEARS:

Save & Prosper Korea

TOP FIVE OVER 10 YEARS:

Barclays Japan

BOTTOM FIVE OVER 10 YEARS:

Barclays Japan

Tables show the result of investing £1,000 over different time periods. Funds are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

## Indices

	1 year	3	5	10	Volatility	10%
Accum Unit Trust	1086	1276	1592	2005	4.3	2.5
Average Investment Trust	1086	1222	1555	2028	6.1	4.9
Bank	1046	1122	1208	1765	0.8	5.7
Building Society	1043	1114	1202	1763	0.8	5.4
Stockmarket FTSE All-Share	1175	1624	2008	3525	3.0	3.1
Index	1031	1098	1160	1502	0.3	-

## UK Growth

	1 year	3	5	10	Volatility	10%
Jupiter UK Growth Exempt	1494	2253	-	-	4.8	0.9
Johnson Fry Select Growth	947	1814	2095	4197	4.3	1.9
River & Mercantile 1st Growth	1153	1737	2370	-	3.5	0.9
East Capital Growth	1223	1733	2073	-	8.5	-
Thornhill Capital	1167	1708	1920	-	3.9	0.3
SECTOR AVERAGE	1065	1432	1724	2791	3.8	1.7

## UK Growth &amp; Income

	1 year	3	5	10	Volatility	10%
CF The Utilities	1271	1828	2344	-	3.6	2.6
Fleming Select UK Income	1162	1785	2183	3287	3.8	2.7
Laurence Kean Income & Growth	1195	1712	1963	-	3.8	3.1
River & Mercantile Top 100	1195	1694	-	-	3.8	3.0
HSSC Focus Fund	1195	1688	1838	-	3.9	1.9
SECTOR AVERAGE	1106	1484	1768	3018	3.8	2.3

## UK Smaller Companies

	1 year	3	5	10	Volatility	10%
GT UK Smaller Companies Acc	1254	1635	1652	-	4.3	1.3
Henderson Exempt Capital	1073	1673	1742	-	4.2	1.2
NorthWest UK Smaller Cos	910	1531	-	-	4.7	2.3
Laurence Kean Smaller Cos	974	1505	2158	-	4.4	1.8
Garnmore UK Smaller Companies	888	1441	2038	2281	4.8	1.3
SECTOR AVERAGE	882	1107	1369	1809	4.4	1.9

## UK Equity Income

	1 year	3	5	10	Volatility	10%
Premier Dividend	1217	1722	2158	2298	3.4	3.7
BND UK Equity Income	1137	1722	2101	2548	3.4	3.5
Jupiter Income	1063	1670	2048	3012	3.1	3.8
Fidelity Income Plus	1137	1642	1833	2536	3.2	4.2
Balmain High Yield	1137	1591	2004	4049	3.1	3.7
SECTOR AVERAGE	1081	1459	1703	2894	3.3	4.0

## UK Equity &amp; Bond Income

	1 year	3	5	10	Volatility	10%
OS UK Income	1142	1551	1794	-	2.8	3.5
Abey National Extra Income	1100	1548	1781	3483	2.4	4.4
Edinburgh UK Income	1124	1523	1763	3401	2.8	4.4
CGU PPT High Yield	1131	1515	1853	2552	2.7	5.6
Marlborough UK High Income	1100	1494	-	-	2.8	5.9
SECTOR AVERAGE	1071	1378	1545	2483	2.5	5.1

## UK Eq &amp; Bd

	1 year	3	5	10	Volatility	10%
Canlife Income Dis	1102	1325	1728	2780	3.0	2.9
Paragon High Income	1082	1507	1825	4587	3.8	3.7
NI UK Extra Income	1140	1457	1840	-	3.0	2.1
AXA Sun Life High Yield	1091	1476	1882	2694	3.0	2.5
Lloyds Bank Extra Income	1077	1460	1703	2806	3.8	3.7
SECTOR AVERAGE	1083	1448	1725	3094	3.1	2.9

## UK Fixed Interest

	1 year	3	5	10	Volatility	10%
CGU PPT Preference	1188	1537	1897	2364	2.3	8.0
Profit & Loss Interest	1128	1485	1613	2237	1.5	5.3
Morgan Gren MP Annuity Conv Ex	1142	1473	-	-	1.7	5.0
Henderson Preference & Bond	1087	1468	1588	-	1.2	6.7
CGU PPT Monthly Income Plus	1114	1453	1578	-	1.7	7.0
SECTOR AVERAGE	1084	1311	1418	2180	1.4	6.0

## UK Gilt

	1 year	3	5	10	Volatility	10%
Fleming Select Long-dated Gilt	1251	1815	-	-	2.1	5.5
Fidelity Institutional Lg Gilt	1245	1563	-	-	2.2	5.5
Mercury Long-dated Bond	1163	1458	1480	-	2.1	5.5
M&G Gilt & Fixed Interest	1180	1413	1483	2326	1.6	4.8
Garnmore PG Fixed Interest	1163	1380	1423	2342	1.5	4.8
SECTOR AVERAGE	1120	1297	1328	2193	1.3	4.9

## Far East ex Japan

	1 year	3	5	10	Volatility	10%
HSC Hong Kong Growth	880	1208	1209	5147	10.0	2.6
Friends Prov Australian	1034	1177	1344	2884	5.1	-
INVESTCO Hong Kong & China	788	979	829	3911	10.0	2.3
Old Mutual Hong Kong	875	938	899	4000	10.9	2.1
Fidelity South East Asia	1040	987	993	3628	9.1	1.4
SECTOR AVERAGE	904	873	885	3515	8.9	1.3

## Far East inc Japan

	1 year	3	5	10	Volatility	10%
Jupiter Far Eastern	1080	889	794	1767	7.4	-
AB Growth Smaller China	748	858	810	1828	8.7	-
Save & Prosper Far East Sm Cos	989	850	607	-	5.9	1.1
Royal & SunAll Far East	1027	846	848	1144	6.2	1.3
Smith & Williamson Far East	907	801	738	-	5.6	0.5
SECTOR AVERAGE	917	709	699	1486	6.5	1.0

## Japan

	1 year	3	5	10	Volatility	10%
Newton Japan	946	898	898	947	6.1	-
Murray Japan Growth	1116	887	887	-	5.8	-
GT Japan Growth	872	883	944	1234	3.1	0.0
Balmain Global Japanese	1037	879	905	1227	5.8	-
Martin Currie Japan	1013	870	974	-	5.8	-
SECTOR AVERAGE	972	853	880	914	6.3	0.7

## Europe

	1 year	3	5	10	Volatility	10%
TU European	1332	2149	2794	-	4.8	1.4
Newton European	1484	2140	2798	5125	5.7	0.3
INVESTCO European Growth	1384	2055	2603	5547	6.5	-
Baring German Growth	1394	2052	2214	-	6.0	0.5
INVESTCO European Small Cos	1388	2041	2333	5361	5.7	-
SECTOR AVERAGE	1325	1873	2110	4161	5.4	0.7

## Global Emerging Mkts

	1 year	3	5	10	Volatility	10%
Stewart Ivory Emerging Market	781	914	838	-	7.9	1.5
Barlows PS Emerging Markets	808	851	872	-	8.0	1.4
Mercury Emerging Markets	888	837	732	-	8.5	0.3
Save & Prosper Emerging Mkts	799	802	-	-	9.3	1.3
Five Arrows PE Emerging Mkts	728	781	-	-	7.3	-
SECTOR AVERAGE	728	718	610	1734	8.0	1.3

## International Equity Income

	1 year	3	5	10	Volatility	10%
GT International Income	1219	1619	1824	4024	3.4	2.6
Prudential Global 100	1214	1458	1613	2031	4.0	-
M&G International Income	1080	1375	1527	3289	3.5	4.2
Mayflower Global Income	1104	1373	1613	2915	3.2	2.4
SECTOR AVERAGE	1120	1456	1644	3067	3.5	2.3

## International Fixed Interest

	1 year	3	5	10	Volatility	10%
Newton International Bond	1091	1259	1273	-	1.9	4.1
Baring Global Bond	1082	1250	1341	-	1.5	4.8
Barlows Gilt Int'l Fx Interest	1082	1242	1298	-	1.0	4.2
Marlborough Managed	1080	1218	1301	2443	1.7	3.5
AB Intl Bond & Convertible	1089	1218	1264	-	1.1	5.4
SECTOR AVERAGE	1085	1089	1134	1821	1.8	4.5

## International Equity &amp; Bond

	1 year	3	5	10	Volatility	10%
Fleming Global Opportunities	1178	1487	1688	-	2.8	3.3
GA Income Portfolio	1152	1472	1559	-	3.8	2.7
Bank of Ireland Ex Mgd Growth	1070	1358	1691	3308	3.5	2.0
M1 General	1106	1359	-	-	3.8	-
MW Joint Investors Income	1130	1356	-	-	2.5	4.0
SECTOR AVERAGE	1102	1287	1436	2885	2.8	2.7

## International Growth

	1 year	3	5	10	Volatility	10%
Franklin Financial	1151	1788	2158	6245	5.2	0.7
Save & Prosper Financial Secs	1087	1750	2380	4730	4.8	0.5
Barlows Global Utilities	1354	1749	1928	-	4.3	1.3
Fidelity Managed International	1243	1629	2030	4192	4.4	0.6
Hill Samuel Financial	1136	1609	1882	4181	4.8	1.8
SECTOR AVERAGE	1085	1277	1481	3013	4.8	1.2

## Best Peps

	1 year	3	5	10	Volatility	10%
TU European	1332	2149	2794	-	4.8	1.4
Newton European	1484	2140	2798	5125	5.7	0.3
INVESTCO European Growth	1384	2055	2603	5547	6.5	-
INVESTCO European Small Cos	1388	2041	2333	5361	5.7	-
Thames Valley Excl Gt Acc R	1332	2037	2779	-	6.0	-
AVERAGE UP PEP	1083	1417	1721	-	3.8	2.7

## Property

	1 year	3	5	10	Volatility	10%
Harwich Property	1024	1314	1458	-	1.0	4.7
Abey National Property Str	829	1258	1143	-	3.8	2.0
Barlows Property	1004	1232	1333	-	0.9	5.6
Always Residential Property	969	1187	-	-	0.9	5.5
SECTOR AVERAGE	957	1248	1312	-	1.8	4.4

## Nth America

	1 year	3	5	10	Volatility	10%
Fidelity American	1586	2151	2747	6583	5.3	-
Credit Suisse Transatlantic Ac	1310	2064	-	-	4.5	-
Old Mutual North American	1242	2005	2128	5198	4.8	-
Baring American Growth	1274	1964	2231	5450	4.8	-
Fleming Select American	1217	1947	-	-	3.8	0.9
SECTOR AVERAGE	1108	1567	1943	4589	5.0	0.6

## Commodity &amp; Energy

	1 year	3	5	10	Volatility	10%
M&G Australian Acc	1038	1229	1394	2074	5.8	2.5
HSBC Natural Resources	914	708	894	1276	6.8	1.1
M&G Commodity	809	705	918	1477	7.0	1.4
Lloyds TSB Natural Resources	910	666	733	1943	7.4	0.8
Save & Prosper Commodity	700	642	682	1315	7.3	-
SECTOR AVERAGE	882	686	735	1476	6.8	1.3

## Investment Trust Units

Outlier High Inc Inv Tot Acc	1114	1459	1680	-	3.7
Aberdeen Profit Fd of IT Dis	1164	1320	-	-	3.6
S & F Investment Trd Portfolio	1076	1312	1426	-	4.5
Outlier Investment Trusts	1083	1295	1527	-	4.8
Premier Enterprise	1012	1276	-	-	3.1
SECTOR AVERAGE	1036	1231	1424	2863	4.2







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Authorised and Insurances

FT Managed Funds Service provides a comprehensive list of UK and overseas funds, including their names, managers, and performance data. The list is organized by fund type and includes details such as the fund's name, manager, and performance data.

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Fund Name	Manager	Assets	YTD	1Y	3Y	5Y	10Y
Morgan Stanley Dean Witter (MSDW)	MSDW	£1,200,000,000	1.2%	1.5%	1.8%	2.1%	2.4%
Paragon Unit Trusts (PUNIT)	Paragon	£500,000,000	0.8%	1.0%	1.2%	1.5%	1.8%
Seabury & Partners (SEAB)	Seabury	£300,000,000	0.5%	0.7%	0.9%	1.1%	1.3%
Standard Life Investments (SLI)	Standard Life	£2,500,000,000	1.0%	1.2%	1.4%	1.6%	1.8%
Thames Valley Investments (TVI)	Thames Valley	£1,800,000,000	0.9%	1.1%	1.3%	1.5%	1.7%
Unit Trusts (UT)	Unit Trusts	£1,000,000,000	0.7%	0.9%	1.1%	1.3%	1.5%
Windsor Investment Management (WIM)	Windsor	£1,500,000,000	1.1%	1.3%	1.5%	1.7%	1.9%
Yusuf & Partners (YUSUF)	Yusuf	£400,000,000	0.6%	0.8%	1.0%	1.2%	1.4%
Zenith Capital (ZENITH)	Zenith	£600,000,000	0.9%	1.1%	1.3%	1.5%	1.7%
...	...	...	...	...	...	...	...

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**UNIT TRUSTS**

This section lists unit trusts that are not included in the main list. It includes information on the names of the trusts, their managers, and their assets. The list is organized by the name of the trust and includes details such as the trust's name, its manager, and its assets.

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**FT MANAGED FUNDS SERVICE**

### Insurances, Money Markets and Other

● FT Clayton Unit Trust Prices are available near the entrance. Call the FT Clayton Unit Desk on 1-800-870-8330 for more details.

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## MANAGEMENT SERVICES

## Money Market Trust Funds

## Money Market Bank Accounts







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\* FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (4-04 177) 893 4376 for more details.

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**INVESTMENT TRUSTS - Continued**

Waring B	427 1/2	1
B	362 1/2	1
Mercy South M	341 1/2	1
B	62 1/2	1
Mercy Western	305	1
Madison Enterprise	121 1/2	1
Madison South City	120 1/2	1
Way Zealand	35	1
Northwest V	284	1
San Antonio South City	329	1
Line Ln. 2013	450	1
Madison Inc.	87 1/2	1
Way Zealand	35	1

Pakistan	4	17
Panama	4	20
Paraguay	4	20
Peru	4	20
Philippines	4	20
Poland	4	20
Portugal	4	20
Qatar	4	20
Romania	4	20
Russia	4	20
Saudi Arabia	4	20
South Africa	4	20
Spain	4	20
Sweden	4	20
Switzerland	4	20
Taiwan	4	20
Tanzania	4	20
Thailand	4	20
Turkey	4	20
Ukraine	4	20
United States	4	20
Vietnam	4	20
Yemen	4	20
Zimbabwe	4	20
Other countries	4	20
Total	4	20

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Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Nov 27 / US\$)

(7 pm close)

DOW JONES

S&amp;P 500

NASDAQ

NYSE

AMEX

NYSE ARCA

NYSE ARCA

NYSE ARCA

NYSE ARCA

NYSE ARCA

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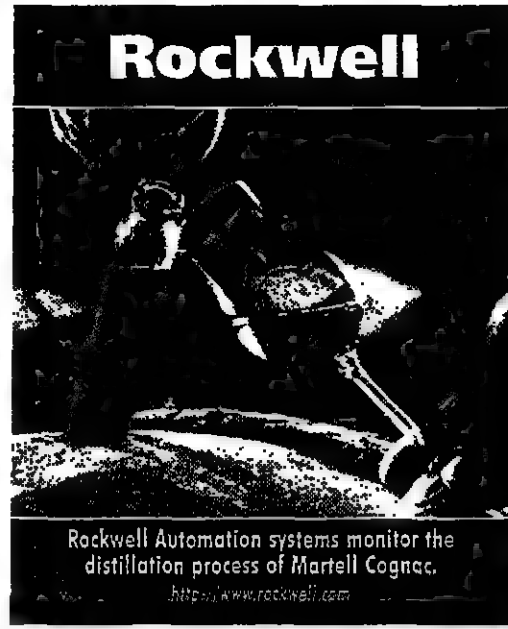
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Rockwell Automation systems monitor the distillation process of Martell Cognac.

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## INDICES

Nov 27

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## COMPANIES &amp; FINANCE

## NEWS DIGEST

## ENGINEERING

## Manganese Bronze to shed 110 jobs

Manganese Bronze, the company that makes the distinctive London taxi, yesterday announced 110 redundancies and said deteriorating market conditions had led to a slowdown in sales. The shares fell 19½p to a 12-month low of 200½p, down from a year high of more than 500p.

Hugh Lang, chairman, told the annual meeting there had been a slowdown in sales of new taxis because "wide-spread concern about the economy seems to have caused quite a lot of potential buyers to defer purchases". Taxi-drivers' takings did not appear to have fallen off.

The components business, which accounts for less than 30 per cent of sales, had also been hit by difficulties in the motor industry. Rover, the company's biggest single customer, had cut production for the month of December and had therefore reduced orders to suppliers.

Manganese would cut 75 at its Coventry taxi factory and 35 in components in Ipswich. It was reducing taxi production by 20 per cent to 64 taxis a week.

However, the company said that provided there was no further fall in industrial activity or customer confidence, this year's performance would be similar to last year's. Then, it made pre-tax profits of £5.03m, after including a £2.5m exceptional charge. Virginia Marsh

## HOTELS

## Friendly considers its options

Friendly Hotels, which owns Comfort Inns and Quality Hotels in Europe, is understood to be considering a sale and leaseback of some of its hotel freeholds to fund an early repayment of £19m worth of preference shares.

The shares, about a third of which are held by British Land, the property company, have to be redeemed by July next year but the company is aiming to meet its obligations in January or February. Such a move would lift a source of concern among investors.

Several other fund raising options are under consideration, including a securitisation of Friendly's assets. However, the management is believed to favour a sale and leaseback after receiving approaches for the freeholds from European and US property funds. Charles Pretzlik

## ELECTRONICS

## Sugar has 64% of Viglen

Alan Sugar's Amshold Investment company has received valid acceptances for its £29.3m offer for Viglen Technology in respect of 25.5m ordinary shares, representing 22.07 per cent of the personal computer manufacturer. Accordingly, Amshold now has 63.76 per cent of Viglen and has declared the offer wholly unconditional. It will remain open until December 10.

## SUPPORT SERVICES

## Sketchley hit by exceptional

Sketchley, the textile and utility services group which sold its dry-cleaning and SupaSnaps photo-processing operations in July, suffered a pre-tax loss of £8.69m, compared to a £3.3m profit, in the six months to October 2. The loss included a £10.4m exceptional charge on discontinued operations. On continuing operations, profits rose to £2.4m (£2.29m) on turnover of £85m (£73m). Textile services raised its operating profits 28 per cent to £4.3m, although the contribution from utility services fell to £1.5m (£2.5m) after a contract with Yorkshire Water was not renewed.

## SUPPORT SERVICES

## Delcam shares fall on warning

Shares in Delcam tumbled 45 per cent yesterday after the design software company said it would report a pre-tax loss for the second half of 1998. It blamed continuing difficult conditions in overseas markets and the recent collapse in the Russian economy, which had led it to make additional provisions against possible non-payment of certain debts of £800,000 and to provide for further restructuring costs of £140,000. The shares fell 23p to 28½p.

## BUILDING MATERIALS

## Natural takes stake in Blockleys

Blockleys, which supplies building products, advised its shareholders not to sell to Natural Building Materials yesterday, after Natural built up a 9.99 per cent stake and said it might make an offer. Natural bought 2.49m shares at 45p each.

## FOOD

## Park warns on Spuddles sales

Park Group, the Christmas hamper and food group, has warned that it may need to write off a "significant proportion" of its £11m investment in its Spuddles potato products business in the second half if it still fails to generate sufficient sales to support the investment. The group reported deeper first half losses of £7.12m against £6.24m for the six months to September 30. Turnover was static at £25.3m (£25.7m).

## RESULTS IN BRIEF

● **Blakes Clothing** was hit by a 34 per cent jump in administrative costs to £2.91m, leaving the Am-listed menswear retailer with a pre-tax loss of £498,000 for the six months to July 31, against a £177,000 profit last time. Turnover rose 4 per cent to £4.47m. But like-for-like sales fell 5 per cent, which the company blamed on last year's share windfalls, the poor summer this year, the World Cup and the general economic climate.

● **IOC** warned it was likely to be loss-making in the current year as it announced a pre-tax loss of £2.95m (£200,000 profit) in the year to September 30. Turnover dropped to £4.03m (£6.59m) after the cancellation of an order by a important customer. The Am-listed telecommunications components maker incurred exceptional costs of £498,000 and a "substantial" cut in profit margins. The shares fell 3½p to 34p.

● **John Tams Group**, a maker of earthenware, tableware and bone china, ran up an underlying pre-tax loss for the six months to September 30 of £487,000 before exceptional charges of £725,000 for a stock write-off and redundancy costs, against a £302,000 profit last time. The result was affected by trading difficulties and a depressed market place, particularly in key export markets, and turnover fell 8 per cent to £10.5m. The interim dividend was omitted (0.5p). The shares fell 4p to 9½p yesterday but later recovered to 12½p.

## BANKING PROBLEMS IN ASIA RECKONED TO BE FAR FROM OVER

## Standard Chartered forecasts downturn

By Christopher Brown-Humes

Standard Chartered, the London-based international bank, yesterday forecast lower second-half revenues and warned that problems in Asia were "far from over".

The comments by Rana Talwar, its new chief executive, punctured optimism that Asian problems were receding and led to a sharp sell-off in Standard's shares, which fell 28p in London to £6.67. A number of analysts

cut their full-year profits forecasts.

Mr Talwar said: "The long-term prospects are good but the problems with Asia are far from over and there is the certainty of further volatility in the foreseeable future."

He said "tough" conditions for lending and lower treasury earnings would result in weaker second-half revenues, although third-quarter revenues had been in line with the second quarter and

had continued at that level.

There would be a "modest" increase in the second half net debt charge, compared with the first half. The bank's first-half revenues were 32 per cent higher at £1.21bn, flattened by particularly strong treasury profits in the first quarter.

The suggestion is that there will be no repeat of the first-quarter effect, despite reasonably strong underlying business. "Standard Chartered's main businesses

have maintained strong performance throughout this difficult year," said Mr Talwar.

Analysts said the bank had been more upbeat in a statement on October 5 - when its shares were below 94 - and suggested it might be trying to deflate expectations, given the strong rise in its share price since then.

Peter Toeman, bank analyst at ABN Amro, said: "The statement was a reminder that while there

may have been a recovery in Asian financial markets, the real economy is still suffering."

Analysts are now predicting full-year pre-tax profits in the range of £700m to £760m, against earlier forecasts running as high as £850m (£870m).

Standard has made a virtue of its lack of exposure to the world's financial trouble-spots and the depth of its experience in Asian markets. Mr Talwar said its biggest

book was a Hong Kong mortgage portfolio with 55,000 borrowers. He said that at the end of October only 104 customers, representing 0.3 per cent of balances, were 90 days or more in arrears.

Similarly, only 2.66 per cent of Hong Kong credit-card balances were 30 days past due. "This is a very low delinquency rate by any standards and confirms our belief in the strong credit characteristics of our Hong Kong book," said Mr Talwar.



Also backing plastics: Roger Leventon (left) and Paul Mines (centre) with Charles Sherwood, a partner in Schroder Ventures

## Akzo spins fibres into Acordis

By Gordon Grant in Amsterdam

Akzo Nobel, the Dutch chemicals group which this year took over Courtauld's of the UK, is to spin off their merged fibres business to shareholders.

The move will create the world's largest dedicated producer of fibres, with annual sales of £2bn.

Akzo has also agreed a £103m management buy-out for a plastics unit of the British company.

The fibres listing will probably take place in Amsterdam in the second half of next year. Akzo said yesterday. The unit is to be named Acordis.

The decision disappointed

investors, who had been hoping Acordis would attract a buyer from the textiles industry.

Shares in Akzo initially rose but ended the day 3.5 per cent lower, down £1.90 in Amsterdam at £180.10.

Returns on the two companies' fibres operations have long trailed the profitability of their activities in sectors such as paint, and the Courtauld acquisition had been seen as offering a quick way out of the business for both.

The news was accompanied by an announcement that Akzo had sold Courtauld's plastic packaging and laminate and aluminium tubes operations in a £103m

buy-out led by Schroder Ventures.

The Royal Bank of Scotland is the main backer in providing funding totalling £103m, which includes a sum needed to expand production capacity. The unit, known as Betts, cost £22m debt-free, compared with annual sales of £94m.

Betts has a 25 per cent share of the world market in plastic casings for asthma inhalers, and makes toothpaste tubes primarily for Asian markets. The non-executive chairman will be Roger Leventon, formerly of Pilkington, the glassmaker, with Paul Mines as chief executive.

It forms part of a polymers

division of which Akzo had sold one section and is still seeking to dispose of a laminates business, having failed to find a buyer. Akzo said it had received a number of approaches from potential purchasers for Acordis but that a demerger was the most favourable option.

Although structured as a Dutch company, its operational headquarters are to be in Spondon, Derby.

Folkert Blaisse will step down as Akzo's board member responsible for fibres to become chief executive of Acordis in January. Its supervisory board will be headed by Gordon Campbell, Courtauld's former chief executive.

## Lasmo restructures to cut costs

By Thorold Barker

Lasmo, the UK's second largest independent oil company, is cutting 200 head office jobs in a restructuring programme aimed at saving £30m (£50m) a year in response to the fall in oil prices.

More responsibility is to be devolved to the company's business units, which are being re-organised into six sections covering Europe and North Africa, Indonesia, Venezuela, Libya, Pakistan, and the Middle East.

John Hogan, chief operating

officer, and Dick Smeroff, finance director, are relinquishing their executive roles, but will remain on the board until the annual meeting in April next year. Chris Wright has been appointed group managing director and Paul Murray group finance director.

The changes will result in an exceptional charge of £30m-£40m in the current financial year. Savings are expected to be £15m in 1999 and up to double that the following year.

"This is an important part of re-establishing the com-

pany to make money in a low oil price environment," Mr Darby, chief executive, said. "We are confident of £20m (of savings) and think there is potential for £30m."

Oil currently trades at about \$11 a barrel in London, \$5 down on 12 months ago, and the company expects the price next year to be about \$13.

Mr Darby said the company, which employs 800 people worldwide, was looking at further restructuring.

The decentralised structure would be more flexible,

Mr Darby said, and reflected diversification away from its relatively high cost North Sea assets. The focus was on areas where unit production costs were low and "business can be made to perform even at low oil prices".

Analysts said Lasmo's move was likely to be followed by cost-reduction announcements from other exploration and production companies.

Lasmo shares rose about 5 per cent on the news before closing 4p down at 140p.

See Page 24

## HSBC to phase out Midland name

By Christopher Brown-Humes and George Graham

The Midland name is to disappear from the UK High Street for the first time in 160 years as part of a global rebranding exercise by the bank's owner, HSBC.

HSBC wants a unified brand based on its four initials and its red and white hexagon symbol for its operations in 79 countries and territories.

The move means 1700 Mid-

land branches will convert to the HSBC name over the next year, involving extensive changes to branch signage and interiors, cheques, books and credit cards.

Midland's new name will probably be HSBC Bank plc.

Keith Whitson, HSBC Holding chief executive, said: "I don't feel the Midland name is one we should in any way treat lightly, but we feel we can't look at each individual entity in isolation. We are not just a collec-

tion of entities, we are a huge, integrated financial services group."

The first Midland branch was set up by Charles Gough in Union Street, Birmingham in 1836. By 1918, it was the biggest bank in the world with £335m of deposits.

Diversification began in the 1960s, but there was a disastrous expansion into the US in the early 1980s when it bought Crocker, a Californian bank that ran up heavy losses. HSBC - formerly

Hongkong and Shanghai Banking Corp - bought Midland in 1992. First Direct, the telephone banking operation launched by Midland in 1999, will not be affected.

HSBC says the cost of the rebranding - to be completed by the end of next year - will be \$50m, but this includes phasing out other names around the world, including the British Bank of the Middle East, Marine Midland Bank, and Banco HSBC Bamerindua.

## Vickers to pay about \$530m for Ulstein

By Tim Bart in Stockholm, Charles Pretzlik and Valerie Skold in London

Vickers, the UK engineering group, is poised to agree a price of about Nkr4bn (\$530m) to take over Ulstein Holding, the Norwegian maritime equipment company.

The acquisition, which would create the world's largest marine propulsion manufacturer, would exclude Ulstein's small shipbuilding activities. It was described yesterday as a "transforming deal" for Vickers by Norwegian officials close to the negotiations.

A takeover of Ulstein would represent the strongest signal yet that Paul Buysse, chief executive of Vickers since May, plans to reposition the company to focus on marine propulsion. The group sold Rolls-Royce Motor Cars earlier this year to Volkswagen of Germany, and Mr Buysse is expected to sell Vickers' tanks business.

The cash offer is expected to value the company at between Nkr170 and Nkr180 a share, the top of Ulstein's trading range following its listing in October 1997.

At that level, the bid would represent a premium of more than 50 per cent over the Nkr113 price at which Ulstein came to the market. This week, Ulstein shares were suspended at Nkr100.

Details of the price came after Vickers announced on Thursday that it had been discussing the acquisition of Ulstein but it declined to elaborate on what shape the deal would take.

Final details are likely to

be unveiled by Ulstein on Monday after several months of talks between Vickers and the family-controlled Norwegian group. Ulstein's management is expected to remain in place.

The two companies, however, failed to agree terms to include Ulstein's shipbuilding activities in the transaction. "We have a different view of the value of the shipbuilding operations," said one adviser in Norway.

Although the cash bid would absorb Vickers' £200m reserves, the resultant debt is not expected to overstretch the company's balance sheet.

Paul Compton, an analyst at Merrill Lynch, said: "The deal appears to make sound strategic sense and consolidates Vickers' strong position in the marine engineering industry, while clearly reducing the bid potential in the stock."

Another analyst said the price Vickers is expected to pay is "not a steal but it's about right. The deal will probably be earnings enhancing." Ulstein had sales of Nkr3.5bn in the first nine months of 1998. About a fifth of this was generated by the shipbuilding operation, which constructs specialised vessels for the offshore industry. Operating profits were Nkr281m, with shipbuilding contributing 16 per cent.

The sell-off would come little more than a year after the appointment of Beard Mikkelsen, former chief executive of the Norwegian airline Widerøe, as the first non-family member in three generations to head the group.

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## Hong Kong recession bites as GDP falls 7%

By Louise Lucas in Hong Kong

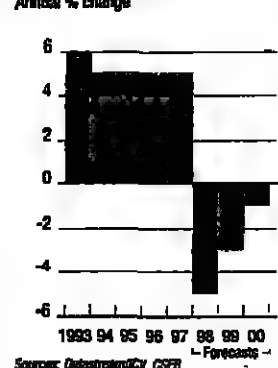
Hong Kong is in the throes of its worst recession on record. Figures released yesterday showed a 7 per cent contraction in gross domestic product for the third quarter compared with the same period in 1997.

The government is forecasting a full-year drop in GDP of 5 per cent.

The numbers confirm private-sector forecasts but are at odds with the stock market, Hong Kong's traditional barometer of confidence.

"The [benchmark] Hang

Hong Kong real GDP



Seng index gained several hundred points in a week that Hong Kong revealed four historic lows: retail sales, industrial exports and GDP," said Dong Tao, senior economist at CSFB. "The market simply ignored these fundamentals."

With economic contraction

set to continue, the business

community is concerned that

the government - facing a

forecast budget deficit of

HK\$49bn (\$6.3bn) - will scale

down expenditure or possibly

raise taxes.

Hong Kong's record reduction

in GDP in the third quarter

was the result of falls in

"shrank considerably further",

the government said. Buyers

forfeited deposits or resold at a

loss rather than risk bigger

losses.

While forecasting a full-year

shrinkage of 5 per cent, the

government said this could be

worse if consumer spending

dropped further because of the

threat of increasing unemploy-

ment, or if exports underper-

formed.

CSFB is forecasting recession

for the next two years: a 3 per

cent contraction next year and

a fall of 1 per cent in 2000.

Donald Tsang, financial sec-

retary, warned that Hong Kong

should be prepared for more

poor data in coming

quarters.

The territory's main aim so

far has been to maintain its

currency link to the US dollar.

Under the currency board

mechanism, interest rates

automatically rise on capital

outflow, and the high interest

rates prevailing for much of

this year caused much anxiety

among companies and consum-

ers.

Prices continued to fall in

the property market and the

number of transactions

## Canada set to reject big banks' link plans

By Edward Alden in Toronto

Paul Martin, Canada's finance minister, is set to block in their present form two proposed mergers involving four of Canada's five largest banks, according to a senior Canadian banker.

Canada's competition bureau is expected to deliver its preliminary report on the mergers to Mr Martin early in December. That report will highlight several sectors in which the merged banks would have an excessive market share, including retail banking, credit cards, wealth management and brokerage services.

Competition bureau officials met the four banks last week to outline their concerns about the merger proposals.

"It is our understanding that [the competition bureau report] will serve as the basis for the minister to say no to the proposals presently on the table," said the senior banker.

Last January, the Royal Bank of Canada and the Bank of Montreal announced a merger that would create one of North America's 10 largest banks. The Canadian Imperial Bank of Commerce and the Toronto-Dominion Bank followed suit in April.

But the merger proposals have become politically contentious and Mr Martin is under strong pressure from his own Liberal caucus to block the deals.

While he may simply say no to the banks, other options are under consideration that would leave the door open to approving modified proposals.

The government may, for instance, launch a formal public review of the mergers, allow the banks to address the competition bureau's concerns through disposals, and introduce new financial services legislation to open the sector to greater foreign and domestic competition.

But Canadian bankers, who had hoped to conclude the deals this year, do not want these new measures to delay a decision beyond next summer.

"We have indicated to [the government] there's a limited time we can sit in limbo trying to manage our respective businesses not knowing what the outcome would be," the senior banker said.

## THE LEX COLUMN

### Barclays bunk

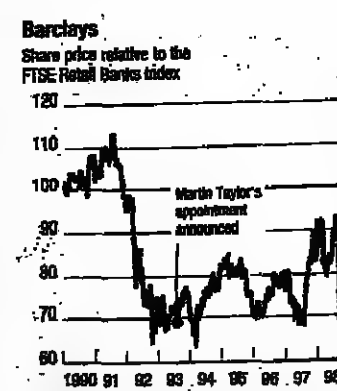
One thing is clear about Martin Taylor's departure as chief executive at Barclays Bank: by the time he went there was much bad blood between him and his board. What remains murky is whether Mr Taylor, his board, or both were at fault. Certainly, the official press statement, with its warm words all round, sheds no light on the issue. That is a matter of concern to investors. Until recently, Mr Taylor was the golden boy of British banking. Without a better understanding of what happened, shareholders cannot judge whether a brilliant strategist has been squeezed out by backwoodsmen or the bank has been saved from an erratic manager.

Although Mr Taylor's resignation came as a bolt from the blue for investors, relations between him and his board had been souring for some time. Mr Taylor is said to have felt frustrated because the board did not appreciate the urgency of taking radical action to reshape the business - in particular, demerging it into a retail and corporate bank. Members of the board are understood to have felt that Mr Taylor was trying to bounce them into such decisions without proper discussion. Tension was so great that Mr Taylor had apparently threatened to leave several times, while the board had started the search for a chief executive two months ago.

Clearly, there were differences of style. But what about the matters of substance? Dividing the bank in two might seem an attractive way of enhancing shareholder value - after all, retail banks such as Britain's Lloyds TSB are highly valued by investors, while those active in international finance have recently been hammered. But carving the bank up would have been costly.

Certainly a rush to split the bank would have represented a panic reaction to Barclays' losses in Russia and its involvement in Long-Term Capital Management. These were embarrassing but not out of line with what other international banks were facing. The group has already banking far too many times for comfort. Mr Taylor's own image was tarnished by the way he mishandled the sale of Barclays' equities and advisory business last year.

Mr Taylor leaves Barclays spinning in the wind. Tucked away at the end of yesterday's announcement is what could be another profit warning. The bank is reassuring investors that there is no new black



hole but its forecast pre-tax profits of at least £1.5bn (\$3.2bn) compare with market expectations of £2bn-£2.5bn.

Meanwhile, Barclays is left strategically bereft and suffering a management vacuum. It not only has a stop-gap chief executive in Sir Peter Middleton, but a stop-gap chairman and finance director too.

Does this make Barclays vulnerable to a bid? Possibly. Certainly, a hostile bid would be hard to mount given that the ensuing goodwill write-off would blow a massive hole in most acquirers' balance sheets. A merger, say with a British insurance company or continental European bank, would not face such financing problems - although Barclays would not have to accept a friendly offer. Still, unless it pulls its act together quickly, its investors may start getting itchy.

When BMW bought Rover for \$600m nearly five years ago, the up-market German outfit was regarded as buying a low-cost base. The honeymoon period was warmed by a falling pound, and exported Rover appeared to make \$91m operating profits in 1995. Within a year, the British boss had quit and German accounting revealed serious losses. Since then the story has been of clapped-out Rover needing a turnaround. BMW's investment bill has mounted to £3.5bn and another £1.7bn is planned.

After a bad year, with the high pound and ageing models eroding Rover's competitiveness, BMW's shareholders might well ask why bother? The main answer is that the hard work is more than half done - the new labour agreement is another milestone. And the benefits, other than at Land Rover, are yet to come.

Three new product ranges go on sale between next spring and 2002. A subsidiary answer is that the bad news has provided a useful sword of Damocles in negotiations.

After changes to working hours and cuts in bonuses, Rover workers are back in the international comparison race. A grateful Labour government will chuck in, say, £170m and the Longbridge plant will be "saved". The sweetener represents a bad habit that car-loving governments must kick. But the truth is that BMW will not continue to make Rovers in the UK unless it makes economic sense. Rover's Britishness is a selling point, but cutting £150m from £1bn annual employment costs is more important, and the success of the new products is crucial.

Lasmo

Lasmo's labours lost. Keeping costs in line with a falling oil price inevitably demands explanation and production job cuts. If the sector's 58 per cent underperformance against the market this year is to be reversed, returns on capital must rise. Had Lasmo implemented yesterday's measures six months ago, it would probably not now be heading for a full year loss.

Still, better late than never, particularly since the scope of the cuts finally proposed is bold. As in Shelly, internal restructuring drive, the UK headquarters will bear the brunt of the cuts, with up to 60 per cent of the 340-strong London staff departing. Assuming the proposed decentralised structure does not lead to job increases elsewhere, Lasmo's total workforce is set for a 25 per cent reduction.

That the streamlining has continued right into the executive boardroom - the finance director and chief operating officer have already been the dust - will help maintain morale among the troops. And a new leaner executive board, down from five to three, should improve Lasmo's responsiveness to deteriorating conditions.

However, the £30m-£35m annual savings predicted within two years will cost a steep £30m-£40m in one-off charges. This bill will mount if talented people defect in the turmoil that may well ensue and if planned outsourcing measures prove less valuable than envisaged. For Lasmo's shares to narrow their discount to net asset value, yesterday's measures have to be seen as just a first step.

## Viag slips as Alusuisse merger is confirmed

By William Hall in Zurich and Frankfurt, S&P in Bonn

Viag, the German conglomerate, and Alusuisse, the Swiss industrial group, yesterday confirmed their merger plans after two weeks of rumours.

Viag's shares, which had been falling since the speculation began, closed DM221.50 lower at DM1,064.50 yesterday.

Analysts believe Alusuisse shareholders have more to gain than those with Viag stocks. Alusuisse shares, which at one stage yesterday touched SF1,949, closed SF1,920 higher at SF1,820.

Viag and Alusuisse Lonzas announced a share swap under which Viag shareholders will own 85 per cent of the enlarged group.

Viag shareholders will receive 10 shares for each existing share. Alusuisse

Lonza shareholders will receive 21.7 shares for every one share.

The "merger of equals" will see an enlarged group with a market capitalisation of more than DM40bn, (\$23.5bn) sales of DM53bn and a workforce of 127,000 - the sixth largest industrial group in Germany.

Viag chief executive Wilhelm Simson, 60, will take the same role in the combined operation.

He said the merger would lead to a "quantum leap" in the competitive positions of the industrial operations of the two groups.

The industrial group would have three industrial businesses - packaging, aluminium, and specialty chemicals - each with revenues of between DM6bn and DM11bn.

The group, with headquarters in Munich and executive offices there and Zurich, will

be the world's fourth largest integrated aluminium producer and the fifth largest specialty company.

Alusuisse is smaller, but its industrial operations are more profitable and Viag will be counting on Sergio Marchionne, 48, Alusuisse's chief executive, to improve profitability.

Mr Marchionne, who will be deputy chief executive, will head the industrial operations and Viag's fast-growing but loss-making telecoms business.

Theodor Tschopp, 61, chairman of Alusuisse's supervisory board, will be chairman of the supervisory board.

The merger should produce DM670m in annual synergy benefits within three years and result in a one-off DM400m cash cost. Most of the savings will come from reduced overheads and a 2 per cent cut in the 127,000 workforce.

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### Markets Latest

FTSE 100	5944.2	(+10.3)	US DOLLAR	1.7275	(-0.0005)
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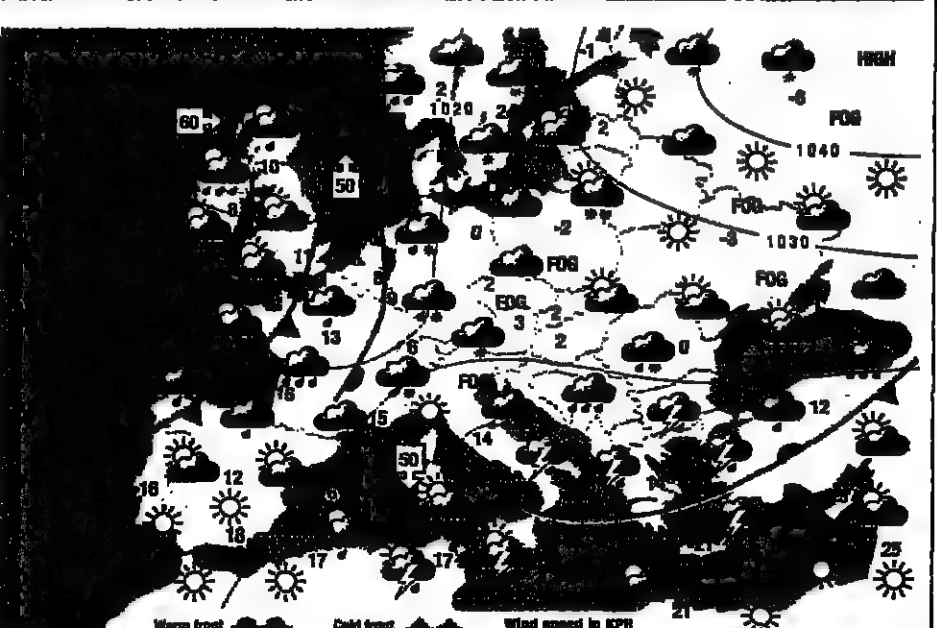
### Weather

#### Europe today

Northern Europe will have scattered snow flurries, but there will be heavier snow across the Scandinavian mountains. Fog will be persistent across eastern Europe. Conditions in western Europe will be milder than of late, although rain and sleet will spread across France and the Low Countries. It will be unsettled in the central Mediterranean, but Cyprus should stay sunny.

#### Five-day forecast

Pressure will remain high over Russia, maintaining the freezing conditions across the Baltic states and northern Europe, away from the far north-west. A low pressure system will deepen over the central Mediterranean, bringing further unsettled and stormy conditions to Greece, Italy and the Balkans. A strong Mistral will blow along the Rhone valley.



### TODAY'S TEMPERATURES

Abu Dhabi	Sun	29	Beijing	Sun	15	Chengdu	Sun	15	Frankfurt	Sun	15	Madrid	Sun	15	Manila	Sun	15	Paris	Sun	15	Rome	Sun	15	Singapore	Sun	15	Tokyo	Sun	15	Yokohama	Sun	15
Abu Dhabi	Sun	29	Beijing	Sun	15	Chengdu	Sun	15	Frankfurt	Sun	15	Madrid	Sun	15	Manila	Sun	15	Paris	Sun	15	Rome	Sun	15	Singapore	Sun	15	Tokyo	Sun	15	Yokohama	Sun	15
Abu Dhabi	Sun	29	Beijing	Sun	15	Chengdu	Sun	15	Frankfurt	Sun	15	Madrid	Sun	15	Manila	Sun	15	Paris	Sun	15	Rome	Sun	15	Singapore	Sun	15	Tokyo	Sun	15	Yokohama	Sun	15
Abu Dhabi	Sun	29	Beijing	Sun	15	Chengdu	Sun	15	Frankfurt	Sun	15	Madrid	Sun	15	Manila	Sun	15	Paris	Sun	15	Rome	Sun	15	Singapore	Sun	15	Tokyo	Sun	15	Yokohama	Sun	15
Abu Dhabi	Sun	29	Beijing	Sun	15	Chengdu	Sun	15	Frankfurt	Sun	15	Madrid	Sun	15	Manila	Sun	15	Paris	Sun	15	Rome	Sun	15	Singapore	Sun	15	Tokyo	Sun	15	Yokohama	Sun	15

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Seasonal festivities

'Christmas at the Banff Springs hotel in the Canadian Rockies is a big affair - carollers, moonlit hay rides, concerts'



Christmas wish lists

'Clementine wants a large pram and a Teletubbie scooter; Elizabeth would like taffeta skirts and a bike'



Pause for thought

'Pinter's concern for language and his moral force coalesce and give some of his political writing a rare power'

# Life's victory over the shutter of death

Aids has taken its place among mainstream diseases. Holly Finn looks at the way its victims are coping with this new 'livability'

When photographer John Dugdale set off alarms in The Metropolitan Museum of Art in New York a few years ago, it wasn't a form of artistic protest. He simply failed to realise he was peering too closely at the paintings, or reaching too near a sculpture's foot - he had just become almost completely blind.

After a stroke in 1988, Dugdale lost nearly all his sight, save for a tiny crescent of blurry peripheral vision at the bottom of his left eye. He still takes photographs, though, of scenes he can no longer see - at least literally. He outwits his damaged eyes by using an internal sense of how things look to create a picture; assistants help to focus the camera. "I just have to be clever," he says. Dugdale has learned how to be a blind person, listening to books on tape to master a new set of manners (never let your head sink towards the plate when you eat, always look straight at the person you are talking to so they don't become uncomfortable). He has also learned how to be a person with Aids.

It was HIV that prompted his stroke five years ago, and now prompts him to take a cocktail of anti-viral drugs - 40 pills - every day. Nearly two decades after the emergence of HIV, Dugdale, like millions of others, just has to be clever about it. At the 1996 Vancouver International Conference on Aids, discussion of new treatments - protease inhibitors - was widely interpreted as promising a cure. In the same year, Newsweek ran a cover story titled 'The End of Aids'. But it is now clear that the epidemic has not ended. According to the United Nations Programme on Aids (UNAids), 33.4m people are infected worldwide and 50 per cent of those don't know they are. By 2000, 40m will be living with the virus.

This year's World Aids day is on Tuesday, sponsored by UNAids, and will aim events and education at young people and the need for vig-

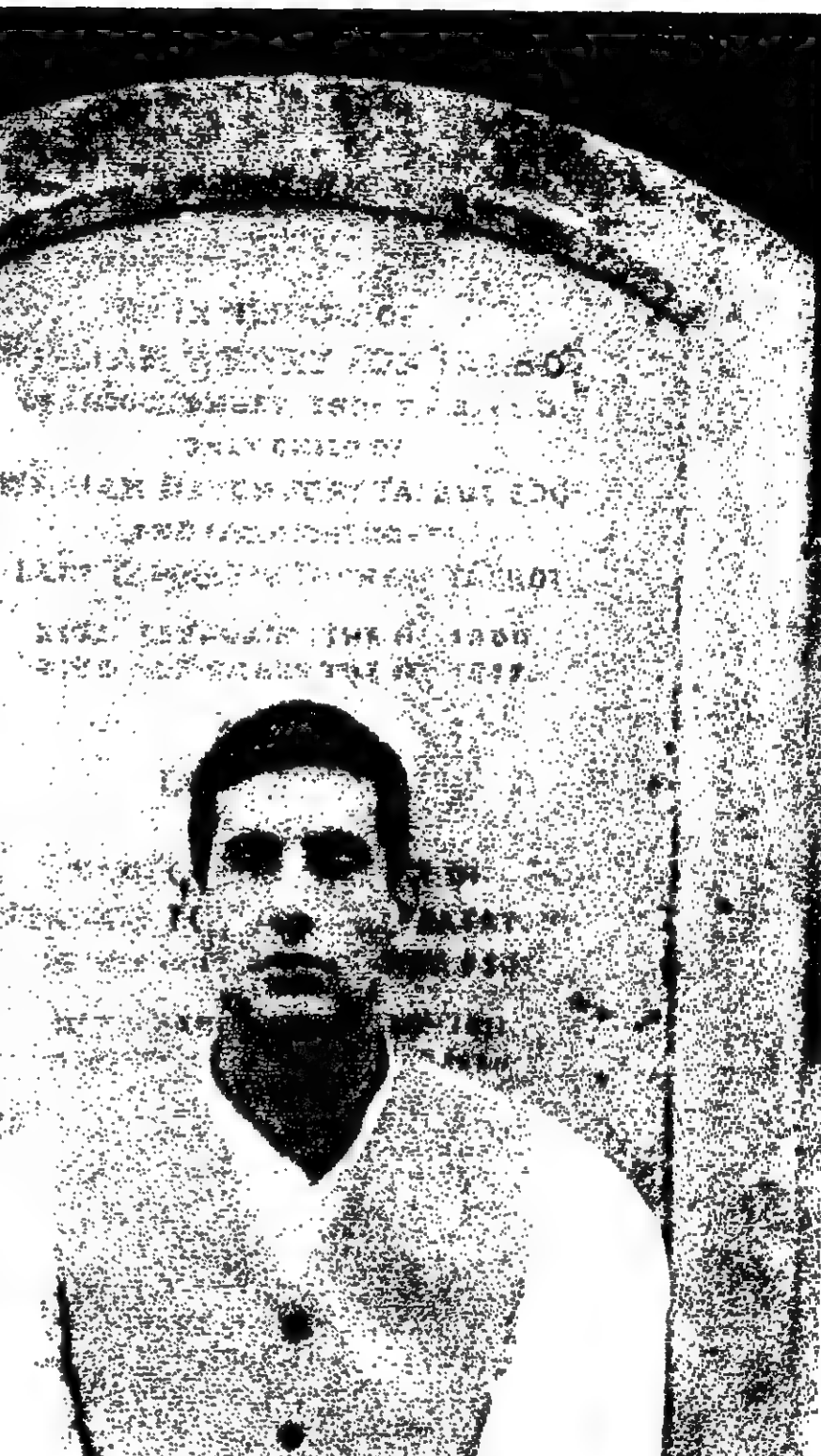
lance. "This is just a back of the envelope calculation, but I estimate that 100m young people become sexually active every year," says Peter Piot, executive director of UNAids and assistant secretary-general of the UN. "The prevention effort will never stop. It cannot stop." Around the world, 7,000 people aged between 15 and 34 are infected with HIV every day, that's five every minute, according to UNAids.

In the US, many people with Aids are concerned that the public, in its eagerness for the disease to disappear, is developing its own blindness. Last month, President Clinton declared Aids a healthcare crisis in minority communities and pledged a further \$156m for prevention, treatment and training. But from the private sector, there is no corresponding flow of funds. At a time when private giving to non-profit organisations increased by 7 per cent in each of the past two years, funding for Aids groups in particular has declined severely.

Skewed perceptions of Aids are difficult to shift. In a recent telephone survey of 1,700 heterosexual Americans, conducted by the University of California at Davis, 27 per cent of respondents said they "would be less likely to wear a sweater that had been worn one time by a person with Aids than if it had been worn by another person - even if the sweater had been cleaned and sealed in a new package".

Some continue to doubt the virus altogether. Continuum, a magazine "by the living for the living" published in the UK, suggests that "the link between 'HIV' and 'Aids' has never been more than hypothetical". Peter Duesberg at the University of California Berkeley persists in his long-held view that "Aids is neither an infectious epidemic nor caused by HIV". But people with Aids don't bother debating its existence. Instead, they analyse their own existence. For example, December 1 is also the 10th annual Day With (Out) Art, an observance organised by a group called

Visual Aids that highlights the contributions artists with Aids have made - and the ones they won't make if they're dead. As part of his contribution, John Dugdale will be at the Museum of Modern Art in New York to launch The Virtual Collection, the first digital database of works by 200 artists with HIV/Aids, drawn together from archives across the country. Dugdale also has a new show, entitled "Nature and Spirit", running in New York and opening in London next week. It is a collection of pictures unusual not only because you see what the photographer could not; you are also seeing pictures that are not Kodachrome and are not black and white. They are cyanotypes which follow a process invented in 1842 that relies on the light sensitivity of iron salts. The results are blue and white images that look as if a mischief-maker had grabbed your most precious old photos and dipped them in a vat of cobalt. "Your sight does not come from your eyes, it comes



'His shoulders are almost as broad as the gravestone'. John Dugdale pays homage to a creator of his profession

Anthony Fauci, director of the US National Institute of Allergy and Infectious Diseases, estimates that over the past two decades, 60m people have died from tuberculosis, between 40m and 60m people from malaria, and 11m from Aids. But Aids' continuing, often covert, capacity for damage is enormous. Though HIV can be treated to the point where it becomes undetectable in the blood, the virus remains, says Fauci, "very recalcitrant, stubborn, persistent" in other reservoirs of the body. It is always potentially infectious. And people with it are tending to live longer and, as people do, to have sex with other people. Dugdale is gay and some of his pictures feature naked men, but his new show is not about being gay, just as it is not about having Aids or being blind, though it is coloured by all three.

He is an activist primarily by being active. His prints of a "Paris Forcible Teapot" will be sold for \$1,000 each to benefit the Elton John Aids Foundation. "As a collector of master paintings and 20th century photography," the singer says, "I am astonished to find someone who can effortlessly combine the two genres." His cyanotypes are not exclusive, and neither, any more, is the infection once known as "the gay disease". From 1981 to 1996, the proportion of newly reported US Aids cases accounted for by men who have sex with men, including those who inject drugs, decreased from 64 to 44 per cent. The proportion

of newly reported cases accounted for by people infected heterosexually increased from 3 to 13 per cent, according to the Centre for Disease Control. There is still no vaccine. Optimistic estimates for the development of one expect it to take between seven and 10 years. Meanwhile, the developing world is far worse off than it was five years ago. Two-thirds of people infected with HIV live in Africa south of the Sahara, and the virus keeps spreading. "India is going to be the next epicentre," warns Fauci.

In the developed world, existing treatments are a salve, not a cure. Protease inhibitors are no panacea. "If there's one big scary story that came out of Geneva [venue for the annual World Aids conference this year], it's that there is multi-drug resistant HIV," says Greg Lugliani of Gay Men's Health Crisis in New York. Existing therapies cannot treat those in whom resistant strains have developed. "I was one of the guinea pigs," says Spencer Cox, director of the anti-viral project at the Treatment Action Group in New York. He developed resistance to his drugs within a year after he started taking them in 1994. He now admits, with hindsight, "I should have waited much longer to start treatment." He hopes that today's clinical trials will produce something that might manage his virus. Even when drugs do work they often have side-effects, some a lot more serious than the repulsive caramel-

body, is a freaky side-effect of certain protease inhibitors. It causes "puppet face" (wasting of the face), "protease paunch" (thickening of the mid-section) and "buffalo hump" (fatty deposits behind the neck and on the shoulders).

John Dugdale has suffered from none of these. He appears in many of his own photographs, as clear-skinned and as ideally proportioned as an Olympic rower. You can't see his disease; he hasn't been overwhelmed by it. He's a prime example of its livability.

Adherence to the prescribed drug regimen is crucial, not only for stabilising the system but for preventing a build-up of resistance. Many people with Aids find it difficult sticking to such an intricate schedule - taking this handful of pills on an empty stomach, that handful on a full stomach, another at 4am - for life.

Some, calling themselves "drug-naïve", simply refuse to take medication until their health nose-dives and it's absolutely necessary. "I don't object to taking these drugs, it's the timing," says Mark Niedzolkowski, the founder of People With Aids Health Group. He criticises "the old American attitude of 'if a little is good why not take a lot. If that's good, why not take it earlier'."

Dugdale thinks the stand-off approach is foolish. "I've seen so many people die in that frame of mind."

The photographer is diligent about taking his cocktail. He is planning for his next show "about my progenitors and my siblings" and asking himself: "How could I really look at them, even harder, more intimately?"

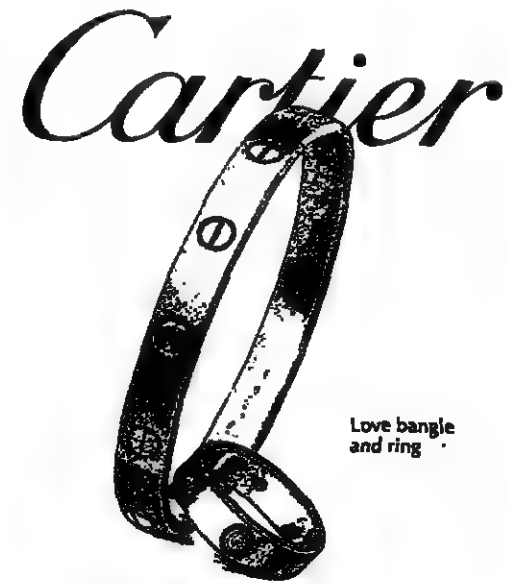
He does not dwell on the possibility of getting his physical eyesight back, though he sometimes imagines it, naturally, as a picture. "A camera with the aperture closing first, then opening."

For now, his view is clear enough. "For Christ's sake," he says, "just take the drugs and get on with it."

\*Wessell + O'Connor Gallery, 242 West 25th Street, New York, until January 3; Hamilton's Gallery, 13 Carlos Place, London W1, from December 4 to January 16.

According to the United Nations, 33.4m people are infected worldwide and 90 per cent of those don't know they are. By 2000, 40m will be living with the virus

from your brain," says Dugdale, whose portraits, still lifes and landscapes help explain the difference between taking and making a photograph. The first is what most of us do: see something and snap it. The second is what Dugdale does. He envisages the scene and makes it happen. "It seems unfathomable to people to be a visual artist who can't see," says Dugdale. "But Beethoven was deaf. Galileo went totally blind working on some of his most important formulas about the stars." Dugdale is 38 now, and lives on the top floor of a townhouse in the West Village in New York City. He is



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Jancis Robinson sniffs out the world's finest wine producers in the run-up to Christmas  
In FT Weekend



PERSPECTIVES

The Nature of Things

# What makes our body clocks tick?

Circadian rhythms are no longer a total mystery. Clive Cookson charts our new understanding

Many biological clocks are ticking inside our bodies, with periods ranging from about a second (heart-beat) to a lifetime (ageing). One that particularly fascinates scientists is the circadian rhythm, which has evolved to keep our biological processes in step with the 24-hour cycle of night and day; anyone who has suffered jet lag knows the consequence of being out of step.

A couple of years ago the mechanism of the circadian clock was largely a matter of scientific speculation. But researchers have made astonishing progress since then in discovering how it works.

Understanding the biochemical cycles that enable the body to keep time will help scientists to come up with new ways to reset the clock when it is out of sync - for example, following an intercontinental flight or a period of working night shifts. The research may also lead to treatments for some sleep disorders linked to faulty biological time-keeping.

It turns out that the chemical oscillator at the heart of the circadian clock, equivalent to the pendulum in a grandfather clock or the vibrating crystal in a quartz watch, is based on the transcription of genes.

Although the real circadian

cycle involves several genes and their products, you can get an idea of the system by imagining a living cell with just one clock gene. This produces a protein that builds up to a certain critical level, at which point it switches off the gene. The protein concentration then falls enough for the gene to switch back on. This makes more protein, and the cycle repeats itself every 24 hours.

In other words, the circadian clock has a genetic pendulum with a feedback loop. Genes that are turned on and off by the build-up and decay of their own protein products have been discovered recently in animals, plants and even some bacteria.

Recent research shows that insects and mammals use similar genes for the purpose, indicating a common evolutionary ancestor for their clock. Bacteria and plants, on the other hand, use quite different genes. This suggests that a genetic oscillator is so advantageous, in helping organisms to cope with life's



daily cycle, that it has evolved independently on more than one occasion.

Of course, a useful circadian clock needs more than a central oscillator. On the input side, it

must have a means of resetting the clock in response to environmental stimuli. And there must be an output pathway to translate the time into biological rhythms, for example of wake-

fulness and body temperature. Where is the clock physically located? In mammals, the suprachiasmatic nucleus - an organ inside the brain, no larger than a grain of rice - acts as a master timekeeper. It receives signals from individual clock cells around the body and co-ordinates the output rhythms.

The most important input stimulus is light. Researchers are rapidly tracking down the "photoreceptor" molecules that tell the oscillator whether it is day or night.

Many scientists had assumed that light-sensitive proteins called opsins, which are responsible for vision in the eye, were also the key photoreceptors for the circadian rhythm. This summer, however, a group at the University of North Carolina published evidence that a set of light-sensitive molecules called cryptochromes are involved in setting the body clock. Whereas the opsins are based on vitamin A, the cryptochromes are based on vitamin B2.

The fact that cryptochromes are found not only in the eye but in the skin and elsewhere in the body supports another discovery made in the US this year: that bright light shone at the back of the knees affects the human circadian rhythm. Again, scientists had assumed that light needed to shine into the eyes to reset the clock.

Researchers at Cornell University used fibre-optic pads, designed originally for treating jaundice in babies, to bathe the skin behind volunteers' knees with light for three-hour periods. They found that light delivered during the night had a marked effect on the subjects' circadian rhythms, as measured by body temperature and other physiological markers. (It may be possible to build on this discovery by developing illuminated pads for the skin, as an alternative to looking into a light box, to treat people who suffer from seasonal depression during the dark months of winter.) Despite the recent progress,

many aspects of our circadian clock remain mysterious. It is not yet known how signals travel from photoreceptors in the eyes and skin to the suprachiasmatic nucleus in the brain, or how these signals actually reset the genetic clock.

Nor is it clear how melatonin - the famous clock-setting hormone that many international travellers take to reduce jet lag - interacts with the body's other timekeeping chemicals. Melatonin is made in the pineal gland, close to the suprachiasmatic nucleus, during the hours of darkness; bright light, experienced through the eyes or the skin, switches off its production very quickly.

None of the methods available to reset the body clock works very efficiently. Some people still take a few days to overcome jet lag after flying halfway round the world, even after taking the melatonin tablets. This is not surprising, since nature's clock-setting mechanism evolved to adapt to gradual changes rather than desynchronising leaps across several time zones.

For the first time, scientists know enough about how the system works to be able to think seriously about designing methods to adjust it more quickly. But the clock is too complex to contemplate an instant cure for jet lag in the foreseeable future.

## Minding Your Own Business

# Knitwear company starts to unravel

Having all its equity in property proved the undoing of Artwork, says Clive Fewins

For knitwear designer Patrick Gotteller there are four key questions to which you should be able to answer "yes" when running a small business: Do I enjoy the work? Does it earn me a living? Is the business well-regarded? Is the business growing?

After 30 years in the business, he is confident he and his wife Jane have satisfied the first three criteria. But it has taken all this time and a business failure to be confident about the fourth.

Having met at art college in the 1970s, they both worked for other organisations for two years before launching their own label - Artwork - in 1978. All went well until the early 1990s.

From the start their speciality was high-quality, hand-knitted cotton women's wear produced in small batches by a team of 1,200 outworkers in the UK. Sales were principally in Europe, the US and Japan. "The strategy was to achieve exclusivity by spreading the net wide, and it worked," says Gotteller, 47.

Nevertheless, the Gottellers were conscious of the fact that despite a turnover that had topped £1m in 1992,

the business had no working capital. "This is a business which needs an awful lot of working capital and yet all along our entire equity has been in property," says Gotteller. Since 1981 their home and workplace has been a four-storey, 2,500 sq ft former sack factory in Bermondsey, south-east London, which they bought for £27,000.

In 1984, the Gottellers bought a small cottage near Rye, East Sussex, that they used with their two sons as a weekend home. And in 1991 they bought the single-storey warehouse next to their Bermondsey base for £105,000. The idea was to use it for storage and eventually rebuild it to four storeys, letting some of the space to other businesses.

They ran the business on a straightforward bank overdraft with the properties as collateral.

Their problems started shortly after purchasing the building next door. "Property prices fell dramatically in this part of London at that time," Gotteller says. "The City, contrary to many expectations, did not expand south of the river Thames, but east." Very soon they found the building next door



Patrick and Jane Gotteller: four years on from liquidation, "the business is now on a much sounder financial footing"

was worth about half what they had paid for it. "Ironically, 1992 was our most profitable year - we topped £1m and made a record profit of £30,000."

However, that did not stop their bank, wary of the £105,000 overdraft and falling property prices, from converting the loan on the building next door from an overdraft to a 10-year loan, and switching half the working overdraft to a five-year loan.

"It was a worrying move but we thought we could meet our liabilities," Gotteller says. "We had had an excellent year and we thought we had finally acquired that vital commodity - some cash on the bottom line." But the reality was that, because of the pace at which the company had been expanding, there was

no cash, only stock. The couple still thought they could ride out the situation by continuing to expand the company.

But this proved impossible because all the money flowing in had to be used to repay the loan.

Sales remained good in 1993 and turnover rose slightly, but because of their cashflow problems and higher repayments, profits dropped to £10,000.

To help with smoothing out cashflow the Gottellers decided to switch most of their production to a Bulgarian hand-knitting specialist they had used twice before.

"As we had so little working capital because of the outflow of money on materials and labour in the UK, our aim was to use a producer that would give us credit terms of 45 days so

that we could cover our overheads," Gotteller says. "It was a disaster; the deliveries were erratic and the quality was appalling. A great deal of the stock was sub-standard and we had to dispose of it at knockdown prices."

"We lost customers in droves. Turnover dropped to £867,000 - the lowest for five years - and we made a loss of £149,000." In November 1994, they asked the bank to appoint a receiver.

To meet their debts to the Midland Bank, the Gottellers had to sell their house in Sussex and also the warehouse next door, which fetched just over half what they had paid for it two years before. They also had to take out a £130,000 mortgage on their house.

Despite all these difficulties, the Gottellers still had

confirmed orders to the value of £200,000, mainly from companies which had been loyal to them for many years.

The liquidator's proposal - which the Gottellers accepted - was that they should buy the order book back from the liquidator, finance the production themselves, and if successful in fulfilling it, pay a royalty of 5 per cent on the proceeds.

A long-standing Japanese customer came to their aid by guaranteeing the initial letter of credit for £20,000 that they needed to switch production from the UK to a supplier in Hong Kong. This was followed by a further guarantee from a British business friend for another £50,000 needed to complete the order.

"This was the turning point," says Gotteller.

Before the year was out Artwork Apparel Ltd had ceased trading and Gotteller Ltd was born.

Through their accountants, Hastings Penson, the Gottellers then changed to the Royal Bank of Scotland and negotiated a loan for £250,000, repayable by 2002, through the UK government's Small Firms Loan Guarantee Scheme.

"We now have the working capital we have always lacked and also time to get on our feet again," Gotteller says. "The irony of it all is that it has given us more time to spend on designing than we were able to afford in the previous 17 years; we were spending too much time firefighting. And we have time to do design work for other companies - which we had always planned. "We also had a second

Achilles heel. Many of our knitters had been with us for 17 years and there was a lack of new, younger knitters. Hand-knitting is not something that appeals to the younger generation.

"We would not have relinquished our home-based workforce of our own volition but the fact that this was forced upon us has left us with a business that is on a much sounder financial footing."

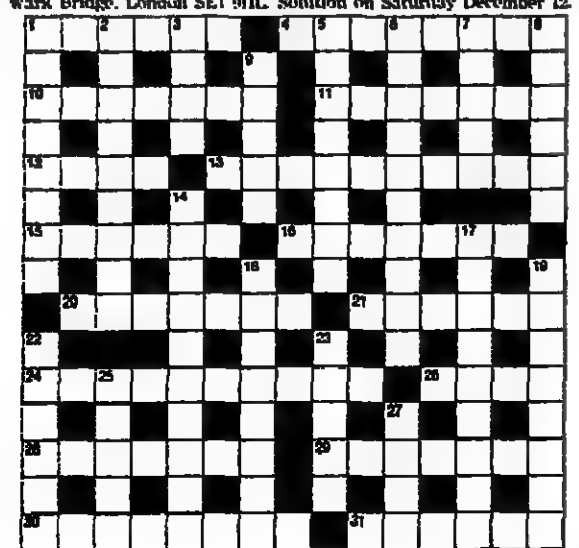
"Turnover in 1997 was just over £900,000 and net profit £34,000. Our loan is being paid back on schedule. We enjoy the work far more now we are doing more designing, we are earning a reasonable living, and at last we feel confident that the business is growing healthily."

■ Gotteller Ltd, 103 Bermondsey Street, London SE1 3XZ; tel: 0171-403 6332.

## CROSSWORD

No. 9,851 Set by DINMUTZ

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday December 9 marked Crossword 9,851 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 12.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

WINNERS 9,839: R. Chapman, Horseheath, Cambs; F. Malin, Dublin, Ireland; Mrs H. Willett, Liverpool.

Continued on page 10

**Abels International**  
Moving Services

**Crane's**  
SINCE 1859

## BRIDGE

## CHESS

- ACROSS**
- Live to appear flatter (6)
  - Trainer damaged, outraged (8)
  - A horse's results (7)
  - Credit finished, no comeback? One is in the soup (7)
  - Rodini's work is showing a light touch (4)
  - Yorkie, for example, chum in the nursery (10)
  - Endless device to hold silver is disastrous (6)
  - Possibly the first service-book (7)
  - Brom's family of fire-tenders (7)
  - O'Neill's character in cinema production (8)
  - Tot up before the chase? (7)
  - First vehicle powered by generators? (4)
  - Fashion, if China is unstable (7)
  - Became loth, in part, to reveal Arthur's stamping-ground (7)
  - Bird from Old Street, flying, has not succeeded (8)
  - Son weary of chance is Twain's boy, Tom (6)
- DOWN**
- Comprehensive school covers (8)
  - Crest iron's shaped to look like a bread roll (9)
  - Understanding purpose? (4)
  - Hull supporters put up hero (8)
  - Myrtle to marry, tying this knot? (5)
  - Child with a long sum (5)
  - Celebrity of Wren on construction (6)
  - Lamps out in this musical setting? (5)
  - Cartographer's sort of welcome (6-4)
  - High tarts collectively (8)
  - Excited earth-pig with lead in pencil (8)
  - Cartoonist lively in bars, right? (6)
  - Barry is one having to exist on earth (6)
  - Wife-beater in front of the kids (6)
  - At home, acquired mass of metal (8)
  - Gill's plight, having no last returned? (4)

Solution 9,839

**POURCE PERSONAL**  
HIT HUE  
ARCHER GINNAMON  
LEAVY LEBE C  
HINTED REVENGE  
A A MOD T H  
GAYEWE WE  
E MABARDIA  
A A E GIBBON  
E A C P E A V S  
GENERAL ANGINA  
T O A D I E  
SODAWAYS RENISS  
E A A A A A  
SLANDERS ASTERN

**PIDONE RAYTER**  
L A I A I I  
MUSTARD BANDBOY  
E A I O G D E  
SHORTBLANK LORD  
I I I E A  
CHAMP REMURINE  
A A E A D  
CHOCOLATES BUCHE  
A R I U O  
DOOD DITCHWATER  
S E V H M L  
CHRISTINE MAXICAB  
A I A A A  
POSTER REVEALED

In Duplicate Pairs, failure can bring rewards: you just have to fail by less than everyone else. On this hand, most declarers played for their contract and went two down. Those who took a more circumspect view decided that one down looked a good deal.

**N**  
♠ A Q 5 4  
♥ 5 4 3  
♦ A Q J 7 4  
♣ J 5

**E**  
♠ A 8 6 4  
♥ K 10 2  
♦ A K J 9  
♣ 10 8 5 3

**W**  
♠ A Q 3 2  
♥ 7 6 3  
♦ A K J 9  
♣ 2

**S**  
♠ K 10 7  
♥ J 8  
♦ Q 7 6 2  
♣ A K 8 6

Dealer: N E/W vulnerable

North East South West  
NB NB INT NB  
NB NB  
West should probably start with K4 but many led 24 which ran to East's 94 and declarer's 104. South has six tricks, with a seventh likely from hearts. However, if the heart finesse is taken at trick two, events unfold most unattractively. East wins and returns 44. West cashes Q4, A4 and plays 24 to

East's 94. Now, East leads 104 and four more tricks follow rapidly.

It is often wrong to cash tricks in no-trumps before you can see your contract, but here, it cannot cost for South to cash four clubs first, particularly as he is likely to gain more from his opponents' discards than they will.

West has three discards to find. If he pitches spades or diamonds, he is throwing away his tricks. So, he drops three hearts. The resulting inference is clear: West does not hold K9, so the finesse will lose. But, he does hold good diamonds, so the potential for four losers in the suit is great. Now, declarer is right to be pessimistic. He cashes A9 and exits with, perhaps, a spade. If he picks up a diamond or a heart at the end, that is a bonus, but the evidence suggests that trick seven will never materialise, so six tricks are looking as good as it gets.

**Paul Mendelson**  
■ Paul Mendelson's book, *The Bidding Battle*, is published by Coll Books at £2.95. For a copy (free UK p.p.), send cheque payable to FT Bookshop, 250 Western Avenue, London W3 6EE, or call 0181-324 5571.

Rapid chess at 30 minutes per player per game is becoming popular, with congresses up and down the country almost every week.

The annual Lloyds Bank British Rapidplay at Leeds Civic Hall was a splendid success last month, with a near-record entry of 350 including several grandmasters. GMs Hebden and Arkell won the top two awards and took the lead in the UK Open Grand Prix.

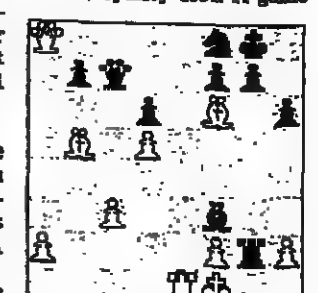
The congress has important support from Leeds City Council and is proving a worthy follow-up to the famous Lloyds Bank Masters; innovative this year included a new adult event and an England under-11 team trial.

Brilliant play is still possible at speed, as in this queen sacrifice where White's earlier pawn advance creates havoc in Black's defences (A Feart v PW Hempsen):  
1 e4 e5 2 d4 d5 3 e5 c5 4 c5 Nc6 5 Nf3 6 Bc3 7 cxd4 8 Bxd4 9 Nc3 10 Ng5 11 h4 0-0 12 g3 Bg7 13 a3 Bb8 14 Ne2 h6 15 Bxg7 Qxg7 16 h5 Nh8 17 Nh4 g5 18 hxg6 Bxg6 19 Nh4 Qf7 20 Be2 Ne7 21 Ke2 Bh7 22 Rh1 Nhg6 23 Nh5 f4 24 Ng6+ Kg7 25 Qd2 f2g3 26

Qxh6+! Exh6 27 Ng5+ Kg5 28 Rh5+ Kf4 29 f2g3 mate.

No 1256: Former international Oliver Penrose points out that Presto Chess (the first to check from the starting position) can be solved one move quicker by 1 Nc3 e6 2 Ne4 (better than 2 Nf3) Ke7 3 Nd2 Qe8 (if Nc6 4 Nd4) 4 Ne5 and check next move, or 1...d6 2 Nc5 Kd7 3 Nf3: "White should use his heavy artillery instead of wasting time with weak pieces like the queen."

No 1259: Alex Bunyan v Frank Crowl, Sydney 1934. A game



with a dramatic outcome which caused a stir at the time. Both kings are in danger, so how should Black (to play) continue?  
Solution, Back Page

Leonard Barden

## Goodbye

Black South Africa

South Africa's cricket team has been banned from international cricket for 10 years. The ban was announced by the International Cricket Council (ICC) on Saturday. The team's last international match was against Zimbabwe in 1991. The ban is a result of the team's involvement in apartheid, a system of racial segregation and discrimination that was prevalent in South Africa at the time. The ICC has stated that the team's actions were "incompatible with the values of cricket." The ban is expected to last until 2008, when the team will be allowed to compete in international cricket again, provided they meet certain conditions. The team's ban has caused controversy, with some people arguing that it is unfair to punish the players for the actions of the government. Others argue that it is necessary to take a stand against apartheid. The ban has also had a significant impact on the team's finances, as they have lost out on many lucrative sponsorship deals. The team's players have expressed their disappointment at the ban and have vowed to continue to represent their country. The ban is a major setback for South African cricket, but it is also an opportunity for the team to reflect on their past and to work towards a more inclusive and democratic future.



PERSPECTIVES



Ethics Today

# The fine line between killing and culling

Euthanasia is sometimes justifiable, sometimes not. We should let trusted doctors quietly do it, says Joe Rogaly

Merely killing is becoming merciful. What was once left to the discretion of sympathetic doctors is trumpeted as a right. The assumption that physicians should do everything possible to prolong life is questioned. In certain circumstances they might be expected to hasten a patient's demise. The next step can only be to bring what Americans call "assisted suicide" within the law. It makes no difference whether this happens next year or a decade from now. The medical practitioners of the 21st century will offer death as a consumer choice. The popular mood, reflected in newspapers and the electronic media, is propelling us in that direction. What was for-

merly left unsaid is now shouted out loud. Last Sunday, Jack Kevorkian, was shown on American television putting an end to the life of Thomas Youk. The short film, which was aired on the CBS Sunday evening documentary programme *60 Minutes*, was clearly regarded by Dr Kevorkian as a boost to his campaign to legalise euthanasia. It was. The doctor has been charged with first-degree murder. He must be delighted. We are in for a globally televised public debate. Snuffing out lives comes second only to sex as a guaranteed booster of ratings. The outcome is not in doubt: two steps forward for the arguments so eloquently propounded by the right-to-death brigade. It is true that Mr Youk, a suf-

ferer from a degenerative nerve illness, twice signed a letter of authorisation and repeatedly nodded his assent to the procedure. If his condition was, as depicted, incurable, it would have been cruel to deny him his evident wish. He or his family might even have wanted to allow a TV show to be made of it. If so, it was open to CBS to let the opportunity pass. That would have been a superhuman act of self-denial. A Dutch euthanasia film, *"Death on Request"*, was shown on ABC's *Primetime Live* four years ago. But one lapse of taste does not justify another. Why, you may ask, are we so fastidious? Many of us accept the medical tradition of not striving to keep alive elderly patients in terminal agonies. We acquiesce

in double-doses of painkillers, which we know to be lethal. A deadly injection of heroin can be a kindness. That is as far as some of us are inclined to go. For contemporary opinion is altogether too relaxed about the sanctity of life. Once Japanese peasants carried old widows to the mountainside. We have read of sporadic "granny dumping" in the US. This line of thinking is of a piece with abortion as contraception or the bottling of women's eggs against the day when it becomes convenient to have them fertilised. Admittedly, few jurisdictions have formally legalised euthanasia. It is permitted in Oregon, Switzerland and, famously, the Netherlands. Accounts of the Dutch example vary. Some say doctors are pushing termination

of life as a matter of convenience; certainly many Hollanders have taken to carrying "not me, please" cards. These stories are not reassuring. They speak of an erosion of trust in the medical profession. The database also tells of the example of the Northern Territory in Australia, where assisted suicide was - for a while - legal. Doubt has since been cast over some of the diagnoses which led patients to ask for their lives to be ended. Undaunted, proponents of laws that would protect practitioners who assisted the suicides of terminally ill patients have popped up in the Belgian senate, the French ministry of health, and several US states. They do not always get their way. Voters in Michigan, the home of Dr Kevor-

kian, have decisively rejected such a proposition. In the latter case, pro-life campaigners, originally brought together to oppose abortion, worked mightily to defeat the suggested new law. The state's seven bishops wrote to every Roman Catholic household to advocate a negative vote. If Dr Kevorkian gets his euthanasia debate going he will have the religious right and the Catholic church arguing against legalisation. That would amount to a powerful opposition. Those of us who belong to neither group can look at their arguments dispassionately. What the pro-life case boils down to is this: if you permit mercy killing you dull medical sensibilities, cheapen life, put pressure on elderly and confused patients,

tempt relatives to agree to the "easy" choice, perhaps even lay the groundwork for the culling of geriatrics. The pro-lifers derive their argument from their experience of legalised abortion. What started as something designed to treat women whose health was threatened by their pregnancies became widespread, a matter of personal choice. They have a point, do they not? Possibly, but it has to be set against the inhumanity of "letting nature take its course" in every case. My own position is that every case is special. Sometimes hastening death is justifiable, sometimes not. We should let trusted doctors quietly do it, as they always have, but keep the law out of it. *Joe Rogaly is a writer in London.*

Lunch with the FT

## Economist capable of amazing grace

Amartya Sen, Nobel laureate and the only Indian to head an Oxbridge college, talks to Edward Luce

Amartya Sen is more than just a Nobel prizewinner. As master of Trinity College, possibly the grandest of Cambridge's colleges, the recipient of the 1998 economics award is the only Indian to have presided over an Oxbridge institution. The professor, a wiry 65-year-old with a face somehow "naturally" belonging to an academic, downplayed the grandeur of the Nobel award. "Oh, it's all a bit of a lottery," he said as he took tea through a passage connecting the Master's Lodge to the college dining hall. "Every year there are rumours. Besides," he said, as we strolled into the Tudor hall, "we already have four Nobel prizewinners still at Trinity." Add to that the 31 winners among the alumni the college has to its name and it all seems rather mundane - like getting another A grade for an essay or opening the batting for Cambridge. But in a different context, Sen, who steered me gently towards the buffet next to the High Table, is only the fourth Indian to win the prize. We both chose the soup and I asked Sen about the evening meal, which, in keeping with most Oxbridge colleges, still insists on gowns and grace before the meal. As a non-Christian, did it bother him having to recite a Latin benediction every evening? "Oh not at all, I get through it pretty quickly," Sen said. One of our dining companions looked amused: "He gets through it in about a minute. His predecessors took about two."

Sen had been an undergraduate at Trinity in the early 1950s and divided most of the intervening period between Delhi, Oxford and Harvard, from where he returned to Cambridge last year. I asked him how much it had changed. The professor thought for a moment: "Nothing dramatic has changed," he said. "I suppose the food's better and, of course, we have women now." I dread to think what the food was like back then. We moved on to the main course. Mine consisted of pork in a glutinous sauce. Sen wisely stuck to the vegetables. I wanted to know what he thought of the reaction to his receipt of the Nobel prize last month. The award came shortly after the near-bankruptcy of Long-Term Capital Management, the hedge fund based in Connecticut. Although the fund was kept afloat by a \$3.5bn bailout from its creditors, it drew opprobrium for having a market exposure more than 50 times the size of its equity base. More pertinently, though, the fund had appointed Robert Merton and Myron Scholes, two former Nobel economics laureates to its board, both distinguished in the measurement of financial risk. Publications such as *Le Monde* and *Newsweek* interpreted Sen's award as a slap in the face for the more arcane branches of modern economics. After all, only those steeped in algebra can decipher most of what Scholes and Merton have to say. Sen, by contrast, has been portrayed as a humanitarian economist, much of whose work has been devoted to the economics of poverty and famine. Sen's face



Amartya Sen: angered by the charge that he is the 'Mother Teresa of Economics', but his writing on poverty has inspired a new United Nations measurement of development

Jason Owen

dropped at the implied slur on his mathematical abilities. "Well, as president of the Econometrics Society 10 years ago I think I can hold my own in mathematics," he said. Later on, after a 90-minute discussion in the Master's living room, Sen presented me with a number of recent papers he had written, including two containing sufficient algebra to sink a mathematics faculty. I took the point. Sen had clearly been ruffled by one-sided accounts of his academic achievements. "One publication - I won't say which - actually called me the 'Mother Teresa of Economics'," he said. "Very few people actually read the statement from the Nobel committee, the first three-quarters of which talks about my work on social choice theory." Nevertheless, Sen's most eye-catching and accessible work is about the measurement of pov-

### He has been ruffled by one-sided accounts of his academic achievements

erty. Sen's writing on the subject actually inspired the United Nations to introduce a new measurement of development, from one based on a crude division of population by national income (per capita GDP) to one based on non-monetary indicators such as

life expectancy, literacy and infant mortality rates. It produces startlingly different results. Countries such as Vietnam and Sri Lanka do rather well under the Sen-inspired approach, while places like Mexico and South Africa drop sharply down the league. In addition, Sen is widely known for having championed the Indian state of Kerala. Unlike much of the rest of the country, it has achieved a high literacy rate in part, he contends, because it has taken the trouble to educate girls as thoroughly as boys. We moved on to dessert and unrelated topics. The professor became quite animated about the roots of words, notably those derived from Sanskrit and Pali, which have been incorporated into the English language. I told him that my wife, who, like Sen, is Indian, could cite dozens of Indian words used in everyday English - chutney, juggernaut, bungalow and verandah. "Dozens?" he said. "I could reel off 2,000." He started on a few but stopped at "punch", the imitatively English cocktail which apparently derives from a Sanskrit

word meaning "five", presumably because there are five ingredients. This being a relatively hallowed setting, the conversation also touched on religion. Although from a Hindu background, Sen disavowed any predilection for spiritualism. Indeed, one of the papers Sen later gave me was called "Interpreting India's Past", much of which criticised the tendency of some Indian academics to overplay the country's spiritualist past and dismiss science as a "western" concept. Nevertheless, not all religion was bad. "I have to say that Christianity's great redeeming feature is its approach to alcohol," he said. It was time, however, to take our coffee and transfer to the Master's sumptuous quarters for a more formal interview. Overlooking Trinity's vast court, the rooms boast some impressive por-

traits of leading Trinity alumni, such as Sir Isaac Newton. Sen spoke in some detail about his life's work, emphasising the link between liberty and the prevention of famine and on the importance of establishing a balance between the rights of the individual and the social group. Sen discussed an enormous range of economic subjects. His views on the recent financial crisis in Asia, however, were surprisingly orthodox. He might have been expected to blame the turmoil on the financial markets. Instead, he said: "I would not blame the crisis on free capital flows. The problems were mostly with the way that countries like [South] Korea were run." Sen accompanied me down to the quad to say goodbye. This courteous economist was clearly no Mother Teresa. I mused. But then, it was impossible to imagine him joining the board of an American hedge fund either.

## Goodbye Sam, hello Mbhazima

Black South Africans are dumping their 'white' Christian names, says Victor Mallet

Rolihlahla and Mphahlele are two of South Africa's most famous sons, but few know who they are. Say Nelson and Desmond, and everyone knows you are talking about President Mandela and Archbishop Tutu. Mandela's well-known first name, however, had nothing to do with him or his parents. It was decreed by his teacher Miss Mdingane on his first day at school. "Why do you have this particular name on me I have no idea," Mandela wrote with a hint of sarcasm in his autobiography. "Perhaps it had something to do with the great British sea captain Lord Nelson, but that would be only a guess." Today Mandela is 80. Britain has abandoned its African colonies, apartheid is dead - and dumping their "white" or "school" names in ever-increasing numbers. Out go Clarence, Alfred, Harrington, Winifred, Wiseman, Goodwill, Justice and

Innocence, as well as Afrikaans names such as Johannes and Hendrik. In come Bonginkosi, Sipho, Nomzamo and Oluwelu. The change is a sign that black South Africans are asserting themselves culturally and politically four years after the end of white minority rule. There are practical reasons as well. Many people used their "white" names only when taking orders from white officials or employers (who were often unable or unwilling to pronounce words in Zulu or Sotho). They no longer want to lead a confusing double life. Sam Shilowa - as the head of the powerful Congress of South African Trade Unions has long been known - recently dropped the Sam and started using his African name Mbhazima. "That's what my mum has always called me and I just came to the conclusion that I didn't have to respond to two names," he says. Archbishop Ndungane, who replaced Tutu as head

of the Anglican Church, has dumped his first name Winston in favour of Njongonkulu, even though at one religious service a lay preacher mispronounced it so badly the congregation ended up praying for Jonah Lomu, the New Zealand rugby player, instead of their own archbishop. "Some of the English names were given to us to make life easier for missionaries," he recalls. Ndungane points to another reason for reverting to African names: most have a meaning, whereas English Christian names are usually devoid of sense, especially to Africans born into another culture. Njongonkulu, for example, means "big aim" or "big vision". Mandela's Xhosa name Rolihlahla means "pulling the branch of a tree", which can be loosely translated as "trouble-maker". South Africans are not the first people to revert to the old African names or reject new ones imported by missionaries and colonial

bureaucrats. More than 25 years ago, the late dictator Joseph Desiré Mobutu changed his country's name from Congo to Zaïre, ordered Christian names to be replaced with indigenous ones, and adopted the glorious appellation Mobutu Sese Seko Kuku Ngbendu wa za Banga - or "the all-powerful warrior who goes from conquest to conquest leaving fire in his wake". Across the continent, ordinary people Africanised their names as well. In 1985, Douglas Given Mseteka, a Zambian journalist, had a six-month battle with the courts and the government bureaucracy in Lusaka to win the rights to his African name Buchiya. "I said, to hell with this Douglas," says Mseteka, who now lives in Johannesburg. "In the 1960s, you could not be baptised in a church without a Christian name. But my mother always called me Buchi." Douglas meant nothing, whereas Buchiya is evocative: in the Tumbuka lan-

guage of eastern Zambia, it means "the only one" or "the unexpected" - he has nine sisters. In South Africa, the use of traditional instead of "white" names has accelerated since Mandela became president in 1994. "It comes with black consciousness and therefore gained momentum in the 1990s and really took off in the 1990s," says Vivian de Klerk, professor of linguistics at Rhodes University in Grahamstown. A few South Africans, of course, are heading in the opposite direction. Computer science student Jackie Khumalo is going with the flow by ditching Jackie and using his African name Sipho (gift); yet his aunt is so embarrassed by her African name Mbimbi (loosely translated as "cutie-pie") she has chosen to be called Lucky on her new identity documents. Africanisation of names, furthermore, appears to be an urban phenomenon that has yet to spread to conservative villages in the coun-

tryside, according to the research conducted by De Klerk in the Eastern Cape. Newspaper columnist Bafana Khumalo (no relation of Jackie) agrees. "I think now it's more of a trend among media personalities, people who are in the public eye," says Khumalo, who recently wrote a tongue-in-cheek article about how he was reverting to his Christian name Patrick after the poor World Cup performance of the South African football team. "What I wonder is how many of them sign their cheques with their new names." The answer, he says, was yesterday, and probably more tomorrow than today. Politicians are leading the way. "I use both my white name and my African name interchangeably," says Pan-Africanist Congress leader Michael Ngila Muendane. "I believe my father gave me the name Michael in good faith." But he declares: "I will never give my children white names."

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## PERSPECTIVES

From the weigh-in, the two evenly matched middleweights promised a close contest. Both had long muscular legs and stubby forearms. And both tipped the tiny scales at exactly 450mg - a little less than the weight of a paper-clip.

To the untrained eye, it is difficult to tell a couple of crickets apart. But to Gu Weishen, a middle manager at a small Shanghai business and a passionate cricket-fancier, there was little doubt that "Red Teeth", the contender from northern China, would defeat "White Teeth", his Yangtze valley opponent.

"You have to look very closely," said Gu, peering into the small grey clay pot that serves as a cricket's hutch. "Check for a big head, a wide neck, a long body, a thin tail, thick legs and big front teeth - straight, not bucked or played." These attributes seemed to be common to both crickets, not to mention the hundreds of other chirping grasshoppers that had come to take each other apart at the annual gathering of Chinese cricket fans - the de facto national cricket championships held this year in Suzhou, the picturesque garden city just an hour outside Shanghai.

Gu is one of millions of Chinese (overwhelmingly male) who raise crickets (all male) for combat. Cricket-fighting may not have made its mark on the world in the same way as other Chinese sports such as kung fu and chess. Nor is it the most refined or rewarding employment for field insects in China, where people have had a long tradition of keeping cicadas, katydids and even locusts in bamboo cages to listen to their song. But, for a couple of months each autumn when the animals are in season, cricket-fighting makes its claim to being the people's pastime.

Male crickets are instinctively aggressive. Put a couple in a confined space, tickle their whiskers just to make them more irritable, and there is bound to be a scrap. The Chinese eye for a bet has turned this quirk of nature into a sport.

Two insects as big as your thumbnail, circling, squaring off for attack and then kicking, biting and wrestling until one or other is defeated and skulks off into the corner of a palm-size wooden box, makes for surprisingly exciting viewing.

But cricket fans do not trudge through the fields of China to find the best-buffed bugs, tend them lovingly for months and send them into the ring for entertainment alone. "People here will



## The Shanghai cricket season

James Harding looks at the insects' instinct for aggression and the Chinese instinct for gambling

bet on anything," said Yu, a Shanghai man, whose interests include heavy metal music, football and crickets. "Crickets are good for gambling."

Gambling in China is illegal - a piece of communist legislation that sits about as well on the local culture as a ban on dancing would go down in Brazil. People still bet on cards and mah-jong regardless of the country's puritan lawmakers, but there is no organised gambling on horse races and no bookmakers to take bets on football scores or boxing matches. In their absence, cricket-fighting is the most popular "live event" for Chinese punters.

Children playing in the alleyways of old Shanghai pick up crickets, rattle them in their fists and force them to fight in a kitchen bowl, all for pennies. Beneath the railway bridge in the centre of the city, there are often groups of people huddled over a small box, betting on a pair of crickets.

"There are different levels of competition, you see," Yu said, having attended the national championships in Suzhou and

plainly not impressed by the forced gentility of the amateur game. "There is the national level, the city level and the neighbourhood or village level."

Village cricket, he suggested, was the place to find the best and worst of the sport: "Those fights are the most exciting."

The big money bouts, though, are held in homes or the private rooms at the back of restaurants, where the sums can be high - Yu said that in his circle of cricket-fighting friends, it is common for people to put as much as \$1,200 (\$700 on the table, roughly the annual average wage in the city).

For even higher stakes, there are organised rackets. In October, police swooped on one illegal cricket gambling ring operating on the outskirts of Shanghai. The fights were being held on the top of a building and in the common room caused by the sudden raid, two people died after jumping from the roof in an effort to escape. The police confiscated about \$150,000 and found people who had laid bets of more than \$10,000 a fight.

The Shanghai authorities

plainly do not want cricket-fighting to return to the mafia-run business it was in Shanghai's raucous days before the Communists took power in 1949. But trade in crickets is permitted.

From late summer, when the crickets are ripe for catching, until early November, when most

**Big money bouts are held in homes or private rooms in restaurants**

of them are long past their best, the cricket business is a serious street industry. At the Bird and Flower Market in central Shanghai, crickets sell for anywhere between \$1 and \$100 - the price of two new bicycles. For real pedigree fighters, it is best to tap private channels. The finest crickets, typically from the province of Shandong up the

coast from Shanghai, may cost as much as \$1,000.

Back at the national championships, Gu would have you believe that cricket-fighting was a sport about honour and reputation, not money.

Teams of amateur cricket-fanciers had come from across the country to compete for the Tiger Mountain Cup, the winning team's trophy, and there were bits and pieces of crickets paraphernalia for the runners up. (Like all good sports, there is plenty of essential gear: frayed bamboo whisker-ticklers, cotton-wool cricket prods, ivory-inlay mahogany wrestling rings and blue-and-white porcelain water bowls are good birthday gifts for the Chinese cricket enthusiast.)

"Crickets for me are a hobby. Sure, there are gamblers who like to bet big money. But, the real players do it for fun," said Gu.

Like most other committed cricket-fanciers, he has developed a sophisticated regime for nurturing winners that involves a strict grain diet, limited encounters with crickets of the opposite sex and confinement in a warm, dark

environment that fosters muscle growth. "Of course, everyone has their own special trick, a particular technique, but that is secret," he adds.

The championships were billed as the "All-China Friendship Competition", but the mood was anything but amateur. The weigh-in, which involved ushering crickets into finger-sized paper tubes and dangling them from a cotton string on scales that were small enough to measure feathers, was run by a local mid-level official, who called out the weight division like a man issuing parking tickets. Fighters were matched by weight - from lightweight at 400mg to heavyweights at 650mg.

Next door, where the organisers had rigged up four big television screens to allow spectators to watch the bouts on a closed-circuit "link-up", several hundred men sat quietly in rows. Mostly, they wore slip-on shoes, thin gauze pop-socks, baggy sweat slacks and sports shirts.

At the front, there were seats for VIPs - including Yang Pin, head of the plastic products

department at a Shanghai retail chain and a respected cricket trainer, and Huang Jinru, vice-director of the local garden administration bureau and one of the chief organisers of this year's championships. There was one woman in the room, but it was not clear whether she had come to watch or wash up the tea cups and clean away cigarette butts.

Despite this crowd of middle-class, middle-ranking, middle-aged Chinese men, Huang was keen to stress the sport's proletarian appeal.

"When China was at a feudal stage of development, cricket-fighting was not so much a pastime for ordinary people. It was the hobby of landlords and nobles, who had time on their hands," said Huang, giving a rough recap of centuries of Chinese cricket-fighting couched in the vocabulary of the party. "But after the founding of the New China [the Communist revolution of 1949] and especially after the start of the reform and opening up [the liberalisation process started by Deng Xiaoping in late 1978], the Chinese worker has more money and took up cricket-fighting again."

Huang offers a slightly jumbled account of the sport's complicated history. Crickets were the playthings of the upper classes in imperial times and, then, before 1949, cricket-fighting was linked with gambling rings and organised crime. These associations with aristocracy and vice meant that in the 1950s and 1960s, cricket-fighting was all but suffocated by Maoist austerity. But, in one sense, Huang is right: with greater prosperity and social freedom, cricket-fighting has made a comeback.

For White Teeth, a comeback is unfortunately out of the question. From the moment when the barrier that separates the two halves of the cricket-fighting box was lifted and the bout began, Red Teeth exuded confidence.

He pounced on White Teeth, sinking his teeth into the neck and shoulder, and then used his strong legs to throw him on to his back. Within half a minute the fight was over and Red Teeth "screamed" his victory, rubbing his wings together in a high-pitched display that showed he was eager to fight on. The wounded White Teeth slunk off to the corner of the box, a signal he had had enough.

White Teeth, most likely, will never fight again. "Crickets have a memory and after they have been defeated they lose their courage," Gu explained. "Once a cricket has lost, it is not really good for anything."

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## 'Alien hands' draw out delusions of free will

Raj Persaud on our (illusory) feeling of being in charge of our bodies

Neurologists at Harvard Medical School have just reported a case of an elderly woman admitted to hospital complaining that her left hand was acting as if under someone else's control. It hit her face and head, so she explained she was afraid of it.

She held her left hand with the right, claiming to keep "him" from hitting her, and said her "left hand tried to strangle her".

The diagnosis turned out to be the extremely rare "alien hand syndrome", first reported in 1908 with only a mere handful of cases documented worldwide since. The sufferer believes his limb has a mind of its own, because he has sustained a lesion, like a stroke or brain tumour, to the corpus callosum - the central part of the brain which joins the two cerebral hemispheres.

In this case, the cause turned out to be a stroke as a result of a blood clot there, and her symptoms resolved themselves over a few days as her brain recovered its functions.

How could anyone come to believe a limb was no longer "his" or "her" own?

It could be that as the corpus callosum connects the two cerebral hemispheres, activity in one part of the brain might not reach the awareness of another if the two hemispheres become disconnected.

In the first case ever reported, a 57-year-old woman felt her left hand had a will of its own, and at one point it grabbed her throat and choked her. It took great strength from her other hand to pull it off.

Another victim's left hand would even grasp her throat during sleep, so she slept with the arm tied to prevent nocturnal mischief.

But alien hand syndrome might have significance beyond being a neurological curiosity - philosophers and brain scientists have converged on the syndrome as potentially revealing where "free will" is located in the brain.

What the disorder indi-

cates is that our experience of being in charge of our bodies, and so initiating all personal action, has a neurological basis. In other words, while the brain is the seat of all our actions and experiences, there is also a part of our nervous system which is responsible for our belief that we have free will over our behaviour.

Sufferers from alien hand syndrome feel they are no longer in control of a limb because the part of the brain that gives us the sensation



of control over our bodies has been damaged. When that happens, our limbs appear to act independently of us.

But if there is a part of the brain designed to make us believe we are in control of our limbs, does the very fact that such a system has to exist mean we are not really in charge of our bodies?

Research conducted in the 1980s found that the types of brainwave change that characteristically precede all limb movements, actually occur several hundred milliseconds before we appear to decide to move a limb. If our conscious decision to act is preceded by brain changes that anticipate action, then our "decision" to choose how to behave or "freedom", as in free will, is in fact illusory. Our choices have, in a sense, been decided before-hand by our brains.

The implications of this view of the link between brain and consciousness are revolutionary, not least in

introducing a new defence for criminal lawyers. How confident are the neurologists of this new perspective?

Sean Spence, a research fellow in brain scanning at Hammersmith Hospital, in west London, argues in a recent paper published in the journal *Philosophy, Psychology and Psychiatry*, that whether we have free will has to be reconsidered in the light of alien hand syndrome.

He suggests that this position is supported by a famous experiment conducted in the 1960s when neurosurgical patients had electrodes implanted in the parts of their brains that initiate limb actions. They were instructed to look at slides on a carousel and to advance the shutter by pushing a control button.

In fact, the button did not control the shutter and the slides were advanced by an amplified signal originating from the electrodes in the subjects' own brains (as they prepared to press the button).

The patients were apparently astounded by the effect. It seemed to them the projector was anticipating their decisions. What was really happening was a concrete demonstration that our brain appears to know what we are going to do next, before we ourselves become consciously aware of our decision.

It seems most of us share the useful delusion that we have free will. But patients with alien hand syndrome have lost this experience in relation to a particular limb. They experience becoming mere remote spectators to the actions of their bodies. Yet this may be closer to the reality of our role in initiating action than the expertises of the rest of us.

Defenders of human "free will" argue that what happens before the brain itself decides to act is still unknown, and there may be a role for our own autonomy there. But even these free-will guardians concede that neurological research indicates that whatever happens

before the brain is roused must occur below our conscious awareness.

But why do alien hand syndrome patients believe their hand has hostile intentions towards them?

There is a suggestion that if we lose our sense of control over our bodies, our minds still need an explanation for the source of control of our movements. We decide that if we are not in control, then someone or something else must be - therefore we no longer have a sense of the limb belonging to us.

As losing control over our bodies is one of the most terrifying experiences, this explanation is reached in the context of fear. It could be that apprehension leads victims to misinterpret innocent reflexive acts of the hand, such as scratching or rubbing, as malevolent.

It might also be that the victim's interpretation of spiteful possession in turn "controls" the hand - only this is beyond our conscious awareness.

Perhaps we need to believe in our own free will and control over our acts, because if we didn't, we would be terrified by the experience of our bodies seeming to act of their own accord.

So it seems the only way we know our limbs belong to us is because they obey us. When they appear to stop responding to our wills, we conclude that our limbs are no longer our own, and try to fend them off.

It would appear that one of the prices we had to pay for conscious awareness of ourselves to evolve as a function of the brain, is the delusion that we are responsible for all our actions. If we had conscious awareness of ourselves, but no sense of free will, our bodies would feel alien to us.

After all, think what your hand is doing right now. Did you consciously put it there?

Dr Raj Persaud is a consultant psychiatrist at Maudsley Hospital and author of *Staying Sane: How To Make Your Mind Work For You*, published by Metro at £12.99.

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BOOKS

# Tall tales and vivid pictures to stir young imaginations

Victoria Griffiths picks out the best children's books published in the US this year

While 15,000 English language children's books are published every year, only a few are truly worth reading. Thanks to a much-improved printing process and fierce competition among talented artists, the illustrations have never been better. Unfortunately, the quality of the story telling has failed to keep pace. The result, too often, is books that look gorgeous but in practice hold little appeal for little ones.

The lush, 19th century style romantic oil paintings of *Pegasus* (Morrow Junior Books, \$16.00), for example, are undermined by an overly stilted text. Likewise, the folk art paintings of *The Land is Your Land* (Little Brown, \$15.95) - which celebrates a ballad by American songwriter Woody Guthrie - are generally upbeat message seems unnecessarily punctuated by the inclusion of long-forgotten Guthrie verses about hunger and the Great Depression.

Chris Raschka, one of the most talented children's book illustrators around, is also ill-served by directionless narratives that will probably fail to captivate young readers. In his 1998 book, *Arlene Sardine* (Orchard Books, \$15.95), cheerful pictures of swimming fish seem ill-matched with an essentially sad story about how a sardine is caught and put in a can so that we can eat her.

Another 1998 Raschka publication, *Simple Gifts* (Henry Holt, \$13.95) is probably one of the best illustrated books of the year, but ultimately seems too abstract and static to hold children's interest. Still, there are many treasures among the 1998 publications. A number of children's books manage to combine fabulous illustrations with witty and moving prose and poetry. Others - such as *Look-Alikes* (Little Brown & Co, \$12.95), by Joan Steiner - are so visually captivating for all age groups that the narrative is almost beside the point.

One pleasant surprise is the ability of Anthony Browne - the great surrealist illustrator of the *Willy* series - to craft interesting text to go along with his thought-provoking paintings, as he has done in *Voices in the Park* (DK Ink, reviewed in October, by Jackie Wachsmann) to coincide with UK publication by Doubleday.

## Some books manage to combine fabulous illustrations with witty and moving prose and poetry

My top 10 picks of the year are:

■ *A Bad Case of Stripes* by David Shannon. Camilla Cream, a little girl who's always worried about what others think of her, wakes up one morning to find herself covered with stripes. Things rapidly go down hill from there. She is so susceptible to suggestion that when the doctor suggests a virus might be to blame, little virus balls pop out of her body. Recovery comes when she learns to be true to herself and disregard the opinions of others. The illustrations, a blend of realism and fantasy, are vivid, and in parts downright scary. (The Blue Sky Press/Scholastic, \$15.95, Ages 5-8).

■ *And If the Moon Could Talk* by Kate Banks and Georg Hallensleben. Word and phrase repetitions make this book perfect for reading aloud to the under-four crowd or for beginner readers to tackle on their own. Superb colouring and clear brush strokes give the illustrations a strong painterly quality. The fanciful story evokes images of what the moon might see around the world as people lay down to sleep. (Farrar Straus, \$15.00, Ages 2-4, older for reading alone).

■ *Insectlopedia* by Douglas Florian. The exquisite illustrations in this book may be a bit abstract for very young children, although they are a feast for older eyes. The book maintains its kid appeal, though, with clever and amusing poems about insects, such as: *The lo moth/Has mammoth eyes/That are not real/They're a disguise/To ward off birds/And other creatures/Like garter snakes/And science teachers.* (Harcourt Brace, \$15.00, Ages 5-10).

■ *Story for Diffenderfer Day* by Dr Seuss, Jack Proskauer and Lane Smith. Reviving a Dr Seuss work-in-progress, partially written

and illustrated by the late, great Ted Geisel before he died, might seem like a very bad idea - the act of a desperate publisher trying to milk one last best-seller out of the most successful children's book author of all time. Yet poet Jack Proskauer and illustrator Lane Smith manage to pull it off with aplomb, and have infused the new version with fully as much charm as the old Seuss yarns.

Using bits of Geisel's text, and drawings incorporating collages from Seuss classics, this creative team manages to pay Geisel his due without following him too religiously. That's a fitting approach for the story line, which is a celebration of free thinking. Students at the Diffenderfer School, asked to take an examination to prevent their transfer to dreary Flobbertown, rise to the occasion and get the best scores on the test. The poetry is wonderfully playful. An example: *Of all the teachers in our school/I like Miss Bonkers best/Our teachers are all different/But she's different than the rest.* (Alfred Knopf, \$17.00, Ages 4-8).

■ *Look-Alikes* by Joan Steiner. Such visual richness as this takes time to produce. Steiner says she spent three and a half years on this book about a town where everything looks like something else. The exceedingly original illustrations are actually photographs of three-dimensional scenes Steiner painstakingly built out of pennies, batteries, peanuts and other day-to-day objects. Children, and adults, will love figuring out what the objects are really made of: racers become vacuum cleaners, playing cards a tin ceiling, gloves a sofa, and pistachio nuts, flowers. (Little Brown, \$12.95, Ages 4-8).

■ *Polkabats and Octopus Slacks* by Cate Brown. This collection of poems is reminiscent of the 1950s "beat" era. Wacky characters fill the pages, like a funky snowman that dances to a disco beat, an octopus who wears bell bottoms, and a surfer dude who is stuck in the desert. The title poem begins: *The Polkabats are on the loose! A flopping flock of flying furry! All the spotted bats are out! (except the ones on furry duty).* (Houghton Mifflin, \$15.00, Ages 4-8).

■ *Sitting Ducks* by Michael Bedard. This witty tale begins with a mistake at a duck factory run by alligator labourers. One of the eggs



A blend of realism, fantasy and the downright scary: Camilla Cream in 'A Bad Case of Stripes' by David Shannon

falls off the conveyor belt, and a worker hides the errant duck in his lunch pail. When the alligator takes the duck home, their friendship blossoms. Children will appreciate the humour, and adult readers will appreciate the inside jokes, like the diner that's a take-off on a famous painting by Edward Hopper. The drawings, carefully shaded to give them a three-dimensional look are just right. (Putnam & Grosset, \$16.00, Ages 5-8).

■ *Snow* by Uri Shulevitz. A little boy's joyful anticipation of snowfall - despite the scepticism of weather-forecasters and other grown-ups - is the topic of this tale. While the text is simple, its message - that adults can fail to see the truth and

beauty around them - is moving. The simple language should hold special appeal for the very young and beginner readers. The drawings are charming water colour and ink fantasies of an ancient-looking town. (Farrar Straus, \$15.00, Ages 2-5, older for reading alone).

■ *The Wild Boy* by Mordecai Gerstein. Two centuries ago, a wild boy was found in the countryside of France. While he never learned to speak, Victor, as he was called, did manage to form strong attachments to the people who took care of him. This book tells Victor's story. The narrative reminds us that when people have physical or mental limitations, even small accomplishments can seem like

miracles, and the ability to love is the greatest accomplishment of all. The controlled freneticism of the illustrations fit perfectly with the tale. (Farrar, Straus and Giroux, \$16.00, Ages 5-8).

■ *Voices in the Park* by Anthony Browne. Browne tells of a simple visit to the park from four very different points of view. The characters are Browne's signature ape-humans, like the ones that graced his *Willy* series.

The first "voice" is that of a snobbish, uptight mother who seems to care more about her pet Labrador dog than her son, Charles. Repressed Charles provides the second voice, and the third and fourth are those of a poor father and his daughter, who meets and plays with Charles. Browne's illustrations are, as always, playfully surreal. (DK Ink, \$15.95, Ages 4-8).

Also good: ■ *The Secret Knowledge of Grown-Ups* by David Wisniewski. The truth about the stories grown-ups tell is revealed in this book illustrated with bright collages. Why drink plenty of milk? To stop our atomic cows from exploding. (William Morrow, \$16.00, Ages 6-11).

■ *Tortillas and Lullabies* by Lynn Reiser. A superb collection of colourful paintings by Central American artists enliven this book about love being passed down through the generations. (Greenwillow Books, \$16.00, Ages 3-7).

■ *The Thistle Princess* by Vivian French. Highly stylised watercolours accompany this tale about a princess who teaches who parents to love all children. (Candlewick Press, \$16.99, Ages 6-8).

■ *Pockets* by Jennifer Armstrong and Mary Grand Pre. A seamstress teaches people in a dreary town to dream. (Crown Publishers, \$17.00, Ages 6-8).

■ *The Waiting Place* by Mark Sutherland. Dense, charcoal drawings accompany a story about imaginary travels before falling asleep. (Harry Abrams, \$14.95, Ages 4-8).

The best children's books published in the UK will feature in next week's four page Christmas Books section in the Weekend FT.

# Poisoned pen kills all affection

Jeremy Gavron on a bewildering kiss-and-tell account of a literary friendship

This is a fascinating, hilarious, disturbing and perplexing book. It is an account of one of the most notable literary friendships of our times and Paul Theroux has compared, if not likened, it to Boswell on Johnson and Ford Madox Ford on Conrad. But those books were written in part as homages. Sir Vidia's *Shadow* was begun the moment 30 years of friendship between Theroux and V.S. Naipaul came to an end, and appears a mere 18 months later. It is certainly not emotion recollected in tranquillity.

This phrase might perhaps be applied to the early chapters. The two men met in 1966 when Naipaul arrived in Kampala on a visiting fellowship. For Theroux, a would-be writer of 24, this visitation was like manna falling from heaven. Naipaul at 33 was the acclaimed author of seven books and the title of this book by his former acolyte is a telling one. Theroux immediately fell under Naipaul's shadow. He gave his embryonic writing to Naipaul to read, and took his advice as literary gospel. He abandoned his own life to accompany Naipaul and interpret for him.

These African chapters take up almost a third, and are the most satisfying part of the book. Theroux was clearly as startled by Naipaul's intolerance and fussiness as he was dazzled by

the older man's intellect and conviction, but he recounts all of this with clear affection and great humour. The Naipaul he portrays is impossible but wonderful. He dismisses expatriates as "infies" - inferiors - but makes a great effort to comfort an elderly Belgian when struggling to run a restaurant in Rwanda. He tells an African student that her essay is "hopeless. But you have lovely handwriting. Where did you learn to write like that?" At lunch with the American ambassador, a set of sugar tongs falls into the swimming pool and Naipaul asks for a swimming costume and dives in to recover the tongs before changing back into his clothes and returning to the table. "At that moment I saw him as a skinny child, diving off a splintery pier in Trinidad, in view of the anchored cruise ships. All his pomposity had fallen away and he had become graceful, a child of the islands."

It is genuinely tender images, but almost the last in the book. The two men remained friends and when Theroux came to England Naipaul introduced him to his publisher and got him



Theroux with Naipaul on intimate relationship which turned sour

work reviewing books. Naipaul even took Theroux on the propitious railway journey that made Theroux realise he "would gladly go anywhere on a train." In return, Theroux wrote a study of Naipaul, championed his cause around the world and rushed to his side when beckoned. But the friendship had been forged in particular

circumstances. Theroux became successful as a writer in his own right. He began to advise Naipaul. He even suggested a new start for *A Bend in the River*, though this did not improve it enough for him to cast a decisive vote for it as a Booker judge.

Theroux explains this decision with an impatient stridence that has by now become the mood of the book. Affection has given way to exasperation and the latter parts of the book are little short of character assassination. Naipaul never pays for lunch. Naipaul is gruff when a builder sits on his bed. Naipaul calls women "itches". Arabs "Mr Woggy", the Dutch "potato eaters". "I had admired his talent," Theroux writes. "After a while I admired nothing else. Finally I began to wonder about his talent, seriously to wonder." At this point I reached for Naipaul's own books to reassure myself of the wisdom and moderation and largeness of spirit they contain. Returning to Theroux's book I read: "It seemed cruelly ironic that Vidia's developing interest in stylish restaurants coincided with serious dental problems."

In *Sir Vidia's Shadow*, Theroux sources Naipaul himself for his unlikable approach to the book. "Don't

pretty," he quotes Naipaul on several occasions. "Tell the truth." But in this instance what is the truth? I don't doubt that most of what Theroux writes here is factually true. But is it the whole truth? The same story written in different ways can reveal different truths. How objective, for instance, is Theroux's version of Naipaul's curious "second marriage"?

This marriage, to which Theroux was not invited, certainly seems to have completed the souring of the two men's friendship. Not long afterwards, Theroux received a bookseller's catalogue listing for sale several of his books he had given to Naipaul. Theroux faxed Naipaul. He wrote to him. He received no answer.

A year later Theroux was walking with his son through Kensington when he saw Naipaul coming towards them. Naipaul groaned audibly at the chance meeting and deflected Theroux's attempts to discuss his silence. "What do we do, then?" Theroux asked. "Take it on the chin and move on," Naipaul replied, scuttling away.

Theroux watched him go, and as he walked on, the idea for this book came into his mind. Theroux describes the sense of freedom he felt, the coming out from beneath Sir Vidia's shadow. But that is not how, for all its qual-

ities of writing and wit, this angry and at times bewildered book reads. At its beginning the two men's friendship had the intensity of a love affair - Theroux would run from his girlfriend to be at Naipaul's side - and Sir Vidia's *Shadow* is a kiss-and-tell. A highly superior kiss-and-tell, but a kiss-and-tell nonetheless, with all the flaws and prejudices to which that species of memoir inevitably succumbs.

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## BOOKS

# Rage and rhetoric, onstage and off

Alastair Macaulay on pauses and causes in the work of Harold Pinter, playwright, poet and polemicist

Harold Pinter is both a romantic and a classical artist. Sometimes he manages to be both at once: sometimes these two poles tug him in opposite directions. There are contradictions in Pinter – the different things he has said over the years about the Pinter pause alone will baffle posterity – and they have made him a larger writer than people often realise.

*Various Voices* is a telling title for his new collection. It makes Pinter sound like Whitman ("I contain multitudes"). The subtitle – "Prose, Poetry, Politics" – is ironic: it suggests that Pinter's politics (an area to which he has given increasing time and passion in the last 20 years) are neither prose nor poetry.

About a third of the book is non-fiction prose about drama, writing and cricket; a short section is prose fiction; about a third is poetry; and the last section, "Politics", is in prose. But there are all kinds of overlaps: politics in the poems, prose about the politics in the plays, one "Politics" piece about one poem, one poem about a Pinter play... The book builds a large and multifaceted Pinter in the reader's mind: but who is he?

First, Pinter's Romantic muse is fierce, sporadic and unrelenting. He is a driven writer, who dislikes compromise. He writes most of what he writes because and when and how he needs to write it. In a letter here to the original director of *The Birthday Party* (1968), he writes: "The thing germinated and bred itself. It proceeded according to its own logic. What did I do? I followed the indications I found myself dropping... The point is... that... the play was now its own

world. It was determined by its own original engendering image."

Second, the "engendering image" is, for Pinter, very often a quasi-choreographic image of the space between specific people. I realise now why Pinter so loves cricket: all those players at surprising distances from each other across a vast space, all intensely focused on something tiny, and

**VARIOUS VOICES.**  
PROSE, POETRY,  
POLITICS: 1948-1998  
by Harold Pinter  
Faber & Faber £16.99,  
206 pages

with those long pauses when nothing happens. (Pinter writes about cricket so well that I wonder why I don't love it more myself. "Hutton was never dull. His bat was part of his nervous system. His play was sculptured. His forward defensive stroke was a complete statement. The handle of his bat seemed electric. Always, for me, a sense of his vulnerability, of a very uncommon sensibility.")

In Pinter's mind, the distance between characters may become charged with drama; it may be pregnant, anguished, stilted, lyrical. In temporal rather than spatial terms, it is expressed in the famous Pinter pause.

And each character, each person, in Pinter's mind commands the space about them: it is their mystery, their privacy, their liberty. He includes here *Kidulka*, a three-part, three-page piece of fiction written much like a play with stage directions when he was 19. Like the essay (also published here) he wrote on Shakespeare the following year, it is as tough to comprehend as anything



he has gone on to write in succeeding decades.

It contains the quintessential Pinter drama of the intensely fraught gap between unknowable people. ("At the door, Kullus called. Soon a girl was in the room, shawled. I nodded. She nodded... She went to him. They climbed into my bed. I placed a coat over the lamp, and watched the ceiling huddle to the floor.") Here is the germ of Pinter's method as a dramatist.

Third, while Pinter observes the distance between people, he also observes – with disconcerting moral force – the connections between them. Between all of them: "No man is an island" might be one of his mottoes. Here is the clue to his politics. He watches whole nations invading each other's space, and eventually his sense of fair play and his

sympathy for the oppressed lead him to protest. Which he does with an awesome mixture of rage and gravitas.

Here, too, he is driven. Most of his political writing is directed against the US, and though most of it is impressive, it edges over at times into rank Americanophobia – into scorn not just for American politics but for the whole culture. But it is still fascinating to read.

Then, however, as he writes prose on politics, he shows a greater complexity of mind: his mixture of historical inquiry, of communicative urgency, and rhetorical skill is terrific. The piece he writes ("Blowing up the Media") on his efforts to publish his "American Football" poem is laconic, cool and a dazzling

exposé of editorial hypocrisy at various newspapers and magazines.

Fourth, Pinter is a disarming ironist, who can make you want to laugh and feel that you should not laugh at the same time. I adore his short 1995 fiction "Girls". The first three paragraphs, as if inspired by David Mamet's play *Oleanna* (which Pinter directed in the UK), earnestly worries about a magazine story where a girl student enters her professor's desk, sits at his desk, and passes him a note that reads "Girls like to be spanked".

Pinter contemplates this in the first person, and soon sounds like the first cousin of Humbert Humbert in Nabokov's . His sentences grow longer and more obsessive – but still detached, reaching the sweaty but reason-

able conclusion: "Her assertion [girls like to be spanked] might have been the climax of a long, deep, thoroughly researched course of study she had undertaken honourably and had honourably concluded." Then the next paragraph starts: "I love her. I love her so much. I think she's a wonderful woman. I saw her once. She turned and smiled. She looked at me and smiled..." This drastic, glorious non-sequitur takes your breath away.

Fifth, the classical Pinter is intimately concerned with language itself. He is wonderful when quoting Webster, or analysing acting; and it is fascinating to see this classical Pinter writing a poem on *The Birthday Party* in which the regular short-lined metre and the increasing number of rhymes gives his drama an entirely altered tone.

Finally, his concern for language and his moral force coalesce and give some of his political writing a rare power. After analysing lies about democracy in American foreign policy, he writes: "What all this adds up to is a disease at the very centre of language, so that language becomes a permanent masquerade, a tapestry of lies." And elsewhere: "On behalf of the dead, we must regard the breathtaking discrepancy between US government language and US government action with the absolute contempt it merits."

By this point in the book, Pinter has reconciled his various voices, demonstrated the considerable journey he has taken as a writer over 50 years, and taken the reader on that journey, too. It is a journey of heart, mind, and spirit.

## Back to the land of the not-so-free

The US has more lawyers than the rest of the world put together. At the last count there were 600,000 of them, filling their wallets on the proceeds of more than 90m lawsuits filed each year.

Bill Bryson was born in Iowa, but in the late 1970s he settled in England where he became a successful travel writer. Two years ago he decided to return to the land of his birth. A society that has elevated litigation to national sport status is one of Bryson's pet dislikes about life in the US. "As I write, two parents in Texas are suing a high school basketball coach for benching their son during a game, claiming humiliation and extreme mental anguish. In Washington state, meanwhile, a man with heart problems is suing the local dairies because their milk cartons did not warn him about cholesterol."

Bryson is dismayed to find the land of the free and the brave stuffed full of rules and minuscule directives. He comes across peanut packets with the warning "Remove shells before eating". He wonders why a dispenser of dental floss has a freephone

number advertising the company's 24-hour Floss Hotline. "I keep imagining some guy calling up and saying in an anxious voice, 'OK, I've got the floss. Now what?'"

This is no great analysis of the soul of America, but rather a light-hearted look at the everyday things which

**NOTES FROM A BIG COUNTRY**  
by Bill Bryson  
Doubleday £16.99, 318 pages

contrast with life in Britain. Bryson misses British irony and cynicism. Life in the US often lacks a humorous edge. "American TV is imbecilic. British TV cannot begin to touch American television for the capacity to make you want to go out and lie down on a motorway." Bryson has a wealth of intriguing statistics. "The average American is exposed to 1,000 TV commercials a week. By the time he is 18, the typical American child has sat goggle-eyed through no fewer than 180,000 TV ads."

However, Bryson observes much that will puncture British smugness. He finds his corner of the US an

amazingly safe and, above all, friendly place. "When we moved to this little town in New Hampshire, people received us as if the one thing that had kept them from total happiness to this point was the absence of us in their lives. They brought us cakes and pies and bottles of wine. Not one of them said, 'So you're the people who paid a fortune for the Smith place, which I believe is the traditional greeting in England.'"

Space is another thing Bryson cherishes. The US is one of the least crowded countries on earth with an average of 88 people per square mile, compared with more than 600 in Britain. Montana, Wyoming and North and South Dakota have an area twice the size of France but a population less than that of south London.

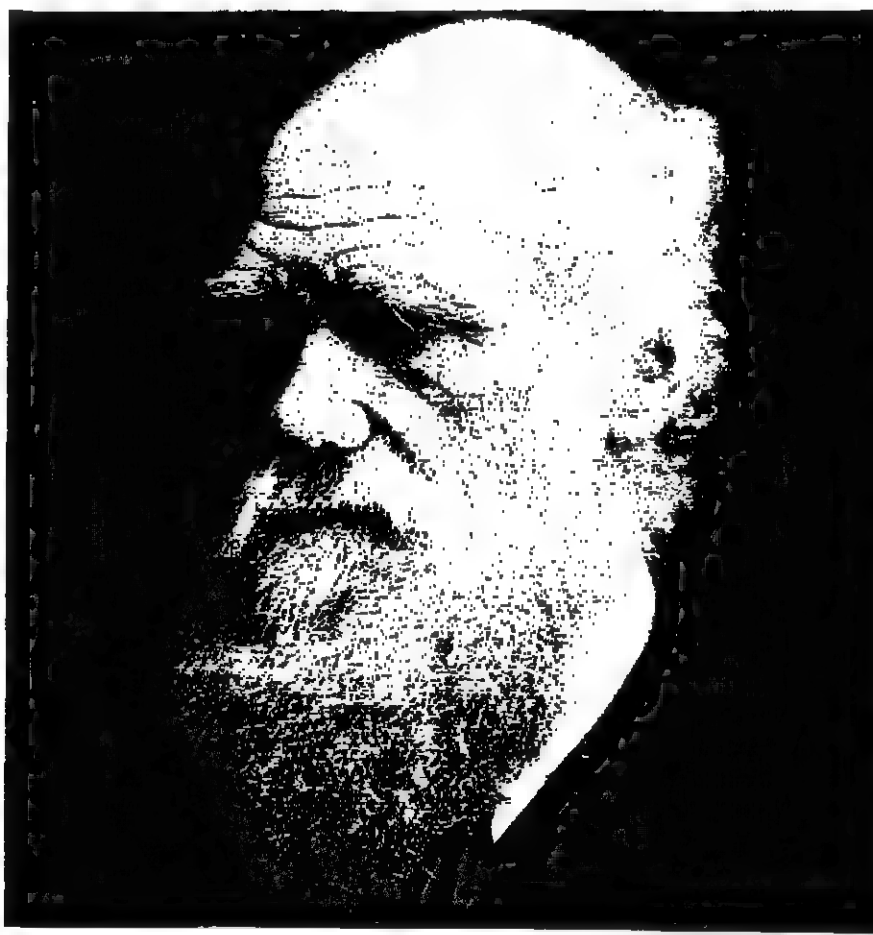
The US scores heavily in other areas. While Bryson finds over-familiar waiters irksome, he generally welcomes the informality of everyday life. "There is no tugging of forelocks here, you see, but a genuine universal assumption that no person is better than any other. I think that's swell. My dustman calls me Bill. They don't tug for me. I think that's as it should be."

Bryson is too polite to say which lifestyle he prefers but it's clear he is exhilarated by life back in his home country. He is refreshed by people's optimism, their positive attitude to life and its possibilities.

"If you informed an American that a massive asteroid was hurtling towards Earth at 125,000 miles an hour and that in 12 weeks the planet would be blown to smithereens, he would say: 'Really? In that case, I suppose I'd better sign up for that Mediterranean cookery course now.' If you informed a Briton of the same thing, he would say: 'Bloody typical isn't it? And have you seen the weather forecast for the weekend?'"

Kieran Cooke

## Life, the universe and everything



Evolution starts here: Charles Darwin

*Shaping Life*, the doyen of British evolutionary theory, John Maynard Smith, argues that recent findings in genetics finally show how a bunch of growing cells can turn itself into an adult organism, with limbs, eyes and brain all in their proper places. The wondrous unfolding of embryonic development looks as if it can be accounted for by hierarchies of regulatory genes – and they are the same genes in mice, men and fruit flies – which switch other genes on or off. And, says Maynard Smith, the way these genes act fits perfectly well with other, higher level, ideas about the dynamics of development which tend to find adherents among those unhappy with a gene-centred view of organisms. Time for a reconciliation, he suggests.

Colin Tudge's essay on *Neanderthals, Bandits and*

reproductive interest to invest resources raising children who bear none of their genes. In some species, this leads to systematic slaughter. In humans, it seems to weaken some basic restraint on physically harming a child which is behaving in a way which can make any parent feel murderous. The result: having a step parent makes a child around a hundred times more likely to suffer abuse.

This now oft-told story is one of the few really convincing tales to have emerged during the current resurgence of evolutionary psychology. But it seems less significant than the book claims. After all, the vast majority of step-parents don't turn into child-abusers. And the way the numbers fall out means that the majority of abused children still suffer at the hands of

their natural parents. So while these findings are worth heeding, they are not going to transform child protection, more's the pity.

One reason Daly and Wilson come on so strong is the resistance they found to their case from those committed to social rather than biological explanations of human behaviour. Kingsley Browne makes the same complaint in his essay on why women don't run large corporations. The trouble is his case is far less convincing. At first glance, it looks like one of the oldest Darwinian stories – using a reading of human evolution to naturalise the social order. At second glance, it still does.

True, it is a relatively sophisticated version of the story, and he pieces together a superficially plausible account of why it is adaptive

**THE TRUTH ABOUT CINDERELLA: A DARWINIAN VIEW OF PARENTAL LOVE**  
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**NEANDERTHALS, BANDITS AND FARMERS: HOW AGRICULTURE REALLY BEGAN**  
by Colin Tudge

**DIVIDED LABOURS: AN EVOLUTIONARY VIEW OF WOMEN AT WORK**  
by Kingsley Browne  
All published by Weidenfeld and Nicolson at £4.99 each

for women to value child-rearing over more worldly pursuits. Forget the glass ceiling, says Browne. On average, women simply choose to put less time and effort into their careers, so they naturally are under-represented among those who rise to the top.

But his particular evolutionary just-so story depends heavily on the kind of terminological sleight of hand which got a bad name in the first wave of sociobiological writing in the 1970s. We have to believe, for example, that "risk-taking" and "achievement" and "status" mean the same things when we speculate about hunter-gatherers' lives half a million years ago as they do for a desk-bound financier today. Maybe this can be established, but it certainly isn't here. Darwinism is based on a remarkably powerful idea, but it is not a theory of everything, whatever they believe at the LSE.

Jon Turney

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ARTS

# Homage at last for an eccentric visionary

Gustave Moreau was always considered an idiosyncratic artist, but William Packer now considers his influence seminal

**G**ustave Moreau is one of the more idiosyncratic and contradictory of 19th century painters - which is to say that he is entirely typical. For, as we look back with an ever-longer critical perspective upon the period, the wider our view of it inevitably becomes. Old, convenient categories, the one succeeding another in the easy, linear flow of the modernist rationale, will no longer do. They overlap; they merge; they come round again. And all the time their interaction, mutual relevance and relative importance, in both general and individual terms, must be revised.

Their technical adventure is astonishing, the shifts of scale, texture, and purpose entirely modern in the freedoms they presume

With nothing is this more the case than Symbolism, as has been made clear by several recent important exhibitions around and about the subject - Burne-Jones: the post-Raphaelite connection (Birmingham); the later work of Delacroix: Romanticism (Paris and Philadelphia); Salvador Dalí: Surrealism (Liverpool); Van Gogh in relation to Millet: post-impressionism (Paris). Suddenly, what had seemed merely an intriguing, but minor and essentially literary diversion into the late-century decadence, has been revealed as central to the whole performance.

In Gustave Moreau we have the principal Symbolist of them all. There, so we supposed, was the reclusive and eccentric figure of his old age, his work as idiosyncratic as himself, wilfully set apart, in a dream-world of his own, from the great current that was sweeping impressionism into Modernism. Yet in his last years he became the congenial teacher of Rouault, Marquet and the young Matisse. Here was no recluse.

His work, too, had remained very much in the public eye, sufficiently so for its formal influence to be generally and immediately apparent. We see it in the richly

encrusted surface decoration of Art Nouveau at the turn of the century, and in the work of the painters of the Vienna Secession, such as Gustav Klimt. Indeed his radical formal method - the flat imposition of decoration and consequent emphasis of the physical surface of the canvas; the near-abstract quality of the ground, with its swarthy and smearing - continued to work a powerful influence well into the next century, upon the frottage Surrealist landscapes of Max Ernst, for example, or the Abstract Expressionism of Jackson Pollock.

But Symbolism, even so, was always as much the creature of poetry and the Romantic poetic imagination as of paint and image. Even at the time, Moreau was seen in literary terms, and as a man apart. The symbolist writer and critic, J.K. Huysmans, writing in 1881 with Moreau at the height of his contemporary success, put it that he was, "an extraordinary artist, unique. He is a mystic shut up in the middle of Paris, in a cell where the din of modern life no longer reaches, for all that it beats furiously upon the doors of the cloister. Lost in rapture, he sees shining fairy visions, and the bloody apotheoses of other ages."

Yet Huysmans still could not resist putting him in the wider context. "After having been haunted by Mantegna and da Vinci, whose disquieting princesses move through mysterious landscapes, blue and black, [he] is taken by the hieratic arts of India and by the two currents of Italian and Hindu art; spurred on too by Delacroix's fever for colour, he has evolved an art truly his own..." The Italian connection is well made, for he had gone to Italy in 1857 at the age of 31, and had stayed two years, travelling widely and immersing himself in the great Renaissance schools of Florence and Venice, and the classical inheritance of Rome and Naples. It was then, too, that he met the young Degas, still the aspirant history painter in Ingres shadow.

For Moreau, however, the Romanticism of Delacroix and of his friend, Chassériau, was the decisive influence. At the time, this was set in curiously complementary conflict with the neo-Classicism of his earliest studies. And while it remains important that we recognise the significance of Moreau to later artists of all kinds, it is perhaps in his relation to what went before that he is the more important. Here he is, the arch-Symbolist himself, with his Sphinxes and Salomés, his Orpheuses



Moreau was seen in literary terms, and as a man apart, 'Lost in rapture, seeing shining visions': 'Oedipus and the Sphinx'

and Galatées, his sirens and femmes-fatales, yet representing Symbolism itself as the extraordinary fusion it was, of the neo-Classical with the Romantic sensibilities.

In Moreau, therefore, despite all the obscurities and limitations his work presents, with so many false starts and so much unfinished, we have one of the pivotal figures in the more recent history of art. And, drawn in as we are by the stories of these "troubled prin-

cesses" and "sanguine apothéoses" of Huysmans' response, we cannot ignore these works as paintings; for they are, in their physical presence, very physical indeed. And the more we look into them, the more intriguing they are, and the more exciting and beautiful. Their technical adventure is at times astonishing, the mixture of the free and the painstaking always extraordinary, the shifts of scale, of texture, of graphic purpose, entirely modern in the pictorial freedoms they presume. A hundred years ago, Degas was among those who saw his old friend to his grave in Montmartre. He was no bad judge to have at one's side - and his judgment is vindicated by this fine centenary exhibition now in Paris.

Gustave Moreau 1826-1898: Grand Palais, Paris 8, until January 4; then on to The Art Institute, Chicago; and The Metropolitan Museum of Art, New York.

## Television/Christopher Dunkley The partisan approach

**D**ocumentaries with attitude are not fashionable. In Britain, balance is still the thing, even though the wavelength scarcity which produced the requirement for even-handedness is now a part of history. Half a century of "on the one hand, on the other hand" have produced a feeling that it is not right for programme makers to have minds of their own. Yet programmes grounded in passionate conviction are usually more interesting and often more valuable than the neutral sort. Robert Lons Stevenson was on to something when he said that "You get more real truth out of one avowed partisan than out of a dozen of your sham impartialists - wolves in sheep's clothing - simpering honestly as they suppress documents."

Today's documentary in BBC's *Storyville* slot is a case in point. Nobody could be in any doubt after watching *Waco: The Rules of Engagement*, that William Gazecki made it not with the intention of offering any kind of happy medium, but because he was sure that a wrong needed to be righted. The impression conveyed to the world from Waco, Texas, in 1993 was that a crowd of heavily armed, religious extremists called Branch Davidians, led by a self-proclaimed messiah named David Koresh, was besieged, first by an inefficient outfit called the Bureau of Alcohol, Tobacco and Firearms (ATF) and then by the FBI, and that, after many weeks, the incident ended tragically when the members of the sect set fire to their own stronghold with 78 men, women and children dying in the flames. The notion conveyed to the world was that this was a second Jonestown, like that incident in 1978 when hundreds of followers of Jim Jones killed themselves after fleeing from San Francisco to Guyana.

Gazecki is convinced that the members of Branch Davidians, however odd, did not bring their deaths upon themselves; that the ATF wanted a dramatic success at a time when their budget was up for review; and, above all, that the FBI had repeatedly, opened fire first, prevented the mass media seeing what was happening, and eventually filled the cult's headquarters with CS gas and set fire to it, covering the exits with machine guns to ensure that as few as possible got out alive. Of course he may be wrong, but the evidence he marshals is enough to convince the most sceptical that, at

the very least, we have not been told the whole truth.

This sort of journalism is immensely more difficult for television than for print: you have to have pictures or recordings, or people who will commit themselves on the record, on camera, whereas the print journalist can protect his sources and shield the shy from the public gaze. Sure enough, Gazecki finds a former member of a government department who will talk us through infra-red film which he says shows that the government's tanks did fire into the compound, though FBI spokesmen swear they didn't. He produces a recording in which an FBI spokesman first claims to Koresh that helicopters did not fire, and then, when Koresh treats this with derision, pretends that he meant the helicopters did not have platforms for mounted guns.

Gazecki shows photographs of used "military pyrotechnic devices" which could have started the fire. He brings out the fact that a videotape which would have shown that shots passed through the compound doors on the way in, not out, is now "missing", and that the door itself is - surprise, surprise - also "missing". This is a powerful piece of work, and it contains an appalling message about American society.

**T**omorrow's Channel 4 documentary about another tragedy, this time with 270 dead, could hardly be more different. Mike Grigby's *Lockerbie: A Night Remembered* mentions the supposed cause of the crash just once. This is a poignant, introspective programme, concerned with discovering how a disaster of this magnitude affects those who were intimately involved for reasons beyond their control: the surviving inhabitants of the town of Lockerbie. As ever, it is the mundane detail that strikes deepest. The farmer searching for survivors (there were none, of course) who sent off his dog to "find" and the dog returning with his tail between his legs, making the farmer realise "He'd found a person with no life in them". The three bottles of wine in a carrier bag which had fallen three miles out of the sky and landed undamaged on the hillside. The bodies of two girls, arms wrapped round one another, each with her fingers crossed.

It is quiet, powerful stuff which, in some ways, is just as appalling as the Gazecki programme.

Radio/Martin Hoyle

## Cosy, nasty, nostalgic

**R**adio 4's *Hemlock and After* (its concluding episode repeated this evening) made rattling good listening, cracking entertainment. It evoked, with both a tear of nostalgia and a shudder of revulsion, that British post-war age when the Arts Council was still an Aladdin's cave awaiting plunder and when men of letters (as opposed to media pundits) still existed; but also when young men with hair-oil could be arrested in Leicester Square for requesting a light from a passer-by; a poisonous period of optimism and mean-mindedness, beneficence and equality.

Angus Wilson's original novel recalls something of Muriel Spark. They share a mandarin fastidiousness of vision that, while not illiberal, in retrospect seems to keep the new classlessness (however skin-deep it was) suspiciously at bay. In place of the chirpy lower orders, unwaveringly loyal, of the war years, there are now snobs and blackmailers, the worm in the bud, them as

opposed to us. Now "they" are dangerous young men, spotty jobs with aspirations of their own rather than panthers worth feasting with, and monstrous women whose vulgarity is both comic and menacing - compare Georgina Hogge from Spark's *The Comforters* with *Hemlock's* Mrs Curry (wonderfully played by June Watson, simultaneously funny and threatening).

The resonances of a good novel were sounded by Chris Wallis' production and Michèle Wandor's adaptation, the latter faulted only for an anachronistic 1960s mention of "the gay scene" in its modern sense. You will look in vain in *Radio Times* for the cast, all the more disgraceful since a first-class company was led by Sir Derek Jacobi and Anna Massey, while Paul Rhys, an actor whose exquisitely mannered preciosity has often propelled me to the off but-

ton, painted the best-judged and most real portrait of his radio career. Music punctuated the action to exhilaratingly mischievous effect: "Country Gardens", Gilbert and Sullivan, "We'll Meet Again" - conjuring the sort of complacent Englishness that conceals a multitude of sins, and equally (also very English) hides untold depths of brightly unacknowledged pain.

**A** Very British Friendship filled in, none too valuably, the gaps in Arthur Sullivan's relationship with Mrs Ronalds, a beautiful American socialite whose soprano voice made a speciality of "The Lost Chord". Pregnancy scares, sexual hieroglyphs in the diary, the threat of scandal: the local amateur *Mikado* will never be the same again.

The production kept starting snippets of the music only to fade it out under speech just as the main tune began, and kept giving us the baritone Clara Butt in "The Lost Chord", which evoked quite the

wrong mood. Given that the affair has always been common knowledge, this excessive T-crossing seemed unnecessary.

Is it any comfort, to him or us, to see Nigel Wrench's *Aids and Me* as a continuation of traditional British pluck and understatement applied to a disaster essentially of our time? Probably not. But there is nothing much else one can say except to marvel at the clear-eyed practicality with which the Radio 4 reporter has come to terms with his condition. Nothing like facing the unthinkable for clarifying one's values. Wrench regards the supportively sported red ribbon as fashion rather than solidarity. Last World Aids Day he danced all night rather than spend time at lugubriously worthy gatherings with politicians and earnest singers. He made the intriguing point that these campaigns were born when Aids victims died quickly. Today therapy protracts normal life; and now nobody quite knows "what to do with us".

Expanding from mere Englishness to Britishness, the BBC World Service Meridian produced a fascinating history of "Lilburlero", the march whose jaunty satiric strut allegedly chased James II out of three kingdoms. It is the World Service's tuning signal and, as one of the great Orange songs from the Glorious Revolution of 1688, has provoked wrath from some. One lady in Dublin, outraged at its "ethnic" overtones (Prod v Papist? Come now!), suggested Cliff Richard's "Congratulations" as a more suitable turn-on (in all senses) for the world. Do the Irish now make English jokes? Perhaps humanity makes progress after all.

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## ARTS

Jim Hendrix well remembered his Roundhouse gig: it was "haunted by an audience of ghosts." Thelma Holt, who ran the building in the late 1970s, almost became one: she was accosted in the bar by a gunman brandishing a loaded revolver.

George Stephenson's circular ironclad railway shunting shed in Camden Town, North London, has attracted genius and gremlins, fantasists and fakes throughout its history. Now it is on the brink of yet another reincarnation.

If all goes according to the plan of former toy tycoon Torquil Norman, by 2002 it will be the Creative Centre, a solution to the blighted lives of inner city youth. By getting involved with workshops in everything from video recording to fashion, they will be guided towards a career in the government's great economic hope, the creative industries.

Whatever the changes inside, Norman, and his architect John McAslan, will be at pains to maintain the outside of Stephenson's listed building, a cathedral to the age of iron. But it is not just the exterior of the Roundhouse that casts an aura. It is what happens inside that has touched the imagination of generations of sensation seekers.

Its existence as an industrial workshop was short-lived. Only 20 years after it was built in 1848, the Roundhouse proved too small as an engine shed. For a century it idled away as a bonded warehouse for Gilbey's Gin. Then it was covered by playwright Arnold Wesker, who inadvertently set in motion the two decades when the Roundhouse became the setting for most of the eye-popping and mind-blowing creative events of the period.

Its tawdry, unkempt, murky interior attracted two distinct, but equally adventurous, audiences: cool youth to trip on the progressive rock bands, and Hampstead artists to swoon over avant-garde drama. This was hardly Wesker's intention in 1964, when he acquired the mouldering building as the base for Centre 42. He barnstormed the



The National Theatre of the counter-culture: the Roundhouse (centre), now to become a Creative Centre for inner city youth, was the place where the likes of Jim Morrison (left) and the Doors, and performance artists (above) strutted their stuff



## Shunted back into the limelight

As new plans for the Roundhouse are revealed, Antony Thorncroft recalls its heyday as the epitome of Swinging London

Trades Union Congress to pass Resolution 12, which would raise money from union subs to fund an arts centre where people could enjoy working-class, real-life dramas: in other words, the plays of Arnold Wesker.

When it came to meeting the bills the unions were less enthusiastic, and inevitably the Roundhouse suffered the fate of many buildings of architectural interest but poor commercial potential: it became a rock venue. Every musician with a cult status to protect, from Hendrix to the Rolling Stones, played the Roundhouse.

In its dark, cavernous vaults drugs were consumed, revolutions plotted, and polite society defied. Here the cast of *Oh Calcutta!* first bared their all. The atmosphere was conspiratorial.

cultish, confined. The Roundhouse was the National Theatre of the counter-culture.

The great and the good, who had been badgered by Wesker to join the Roundhouse board, became worried, both by the financial problems and the rebellious reputation. They sought an impresario who could maintain its image for creative nihilism, while shedding its role as a club for drop outs.

They found her in Thelma Holt. "When I arrived the place was in deep debt. There was even a bread bill for £3,400", she reminisces.

Her first decision was to devote 40 nights to non-stop rock, to bands like the Clash and the Kinks, the Nipple Erectors and Siouxsie and the Banshees. They helped to pay off the debts.

Then she used the Round-

house's wide open spaces to bring to London a new form of drama, total theatre. From Manchester, the Royal Exchange brought Vanessa Redgrave in *The Lady from the Sea*, and later a young Helen Mirren in *The Duchess of Malfi*, directed by the equally youthful Adrian Noble. The Glasgow Citizens Theatre made its London debut with *Don Juan*, and Alan Ayckbourn brought down his Scarborough company with *Taking Steps*.

After Britain, the world. The Rustaveli from Georgia changed for ever the thinking of a generation of young British directors with *Richard III*. Peter Brook made one of his rare British appearances, directing *The Tempest*. Mouchkine's 1789 and Living Theatre from Paris took London by storm with drama in the round. On

the bare expanses of the Roundhouse, artists could tumble and swing, cycle and dance, make waves. The venue's ingrained looseness was not totally forgotten. Casting Marianne Faithfull

**It was at the Roundhouse that the cast of 'Oh Calcutta!' first bared their all**

as Ophelia against Nicol Williamson's Hamlet was guaranteed to produce a narcotic interpretation of Shakespeare's tragedy.

In the end the chronic financial problems of the Roundhouse overwhelmed

Thelma Holt, even though she had an unlikely Father Christmas in the form of Robert Maxwell. "To me he was very supportive; he guaranteed the debt with the bank." It was his hit team of accountants from Pergamon which had helped sort out the financial mess.

But after dealing with the drug problem and operating within the agreed overdraft, "the 26-hour days" finally got to Thelma Holt. "We were too late to get on the handwaggon of generous public subsidy" she laments. She was reduced to working in gloves during the winter, only switching on the heating two hours before the audience arrived.

By the early 1980s the reputation of the Roundhouse had attracted the attention of the expansionist GLC which, along with Camden,

bought the building. The idea was to turn it into a black arts centre. Some years, and some film later, the money had disappeared - along with the dream and the GLC. The Roundhouse became a grimy asbestos-ridden reproach to arts lovers with long memories.

Now it is back in business. It has just played host to a sell out season by the Michael Clark dancers and is currently doing good business with *Stomp*. Its new director is Paul Blackman, formerly of the Battersea Arts Centre. He, of course, has warm memories of the Roundhouse. "I acted here in the early 1960s with the National Youth Theatre. I think our production closed it down".

He remembers just how exciting the Roundhouse used to be. It helped make Camden the centre of Lon-

don's youth scene, a position it holds today, with its street markets, bars, clubs, and craft studios. "One of our cleaners worked here in the 1960. She brought in a cutting for a British Rail special offer 'Travel to London and meet the Beautiful People at the Roundhouse'."

This was the epitome of Swinging London, the temple of the alternative society. Not many people find it easy to recapture the idealism, however cock-eyed, of those days, but Torquil Norman is one of them. The Roundhouse contains many ghosts, some disturbing ones built round drugs and decadence, and other benign spectres of creative ingenuity and artistic excellence. Norman hopes that his 58m commitment will add the future ghosts of fulfilled teenagers and a safer society.

Outside the Abbott Hall Art Gallery in Kendal, Cumbria, nature puts on quite a show, with the rolling hills of the Lake District rising in the distance. But when the paintings inside are by Bridget Riley, there is really no contest. Her most comprehensive exhibition in more than 20 years is dazzling.

Britain's heavyweight artists like to exhibit at Abbot Hall, and it's easy to see why. Downstairs, the Georgian house is filled with the darkened canvases of the painters of its day, but their

## Intimate display of a dazzling talent

The Lake District is playing host to the paintings of Op Art pioneer Bridget Riley, writes Lynn MacRitchie

latter-day counterparts look every well in the light-filled upper floors. Each room differs in size and shape from the next, which allows the work to be enjoyed in a much more intimate envi-

ronment than usual, also it allows the artist considerable control over how their work is seen.

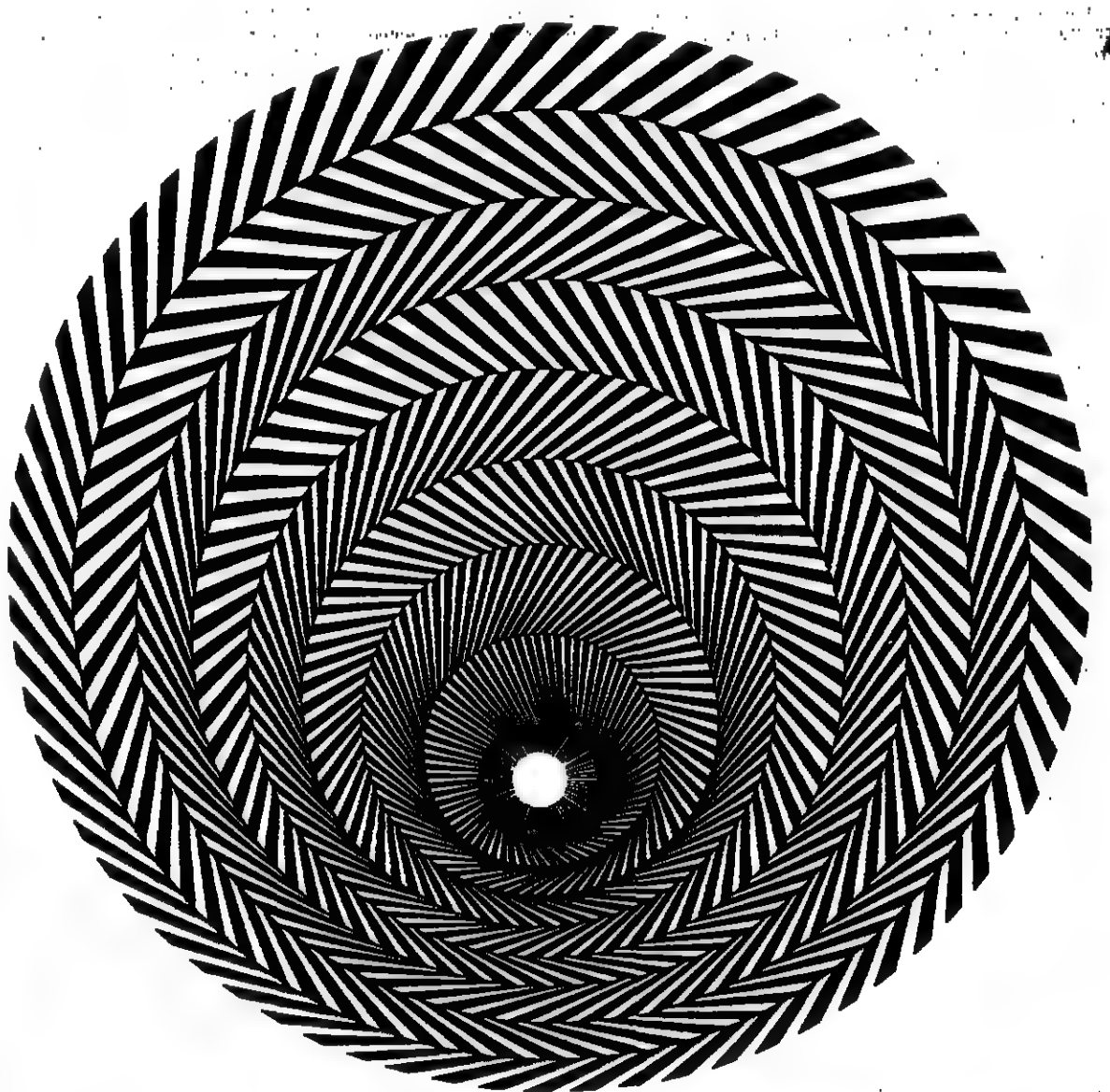
While this is not a full retrospective, it includes paintings and studies from the

very earliest to the very latest phases of Riley's career. Hanging modestly on the wall outside the room in which her first Op Art studies are displayed are a brown chalk portrait head, and two other figure studies from the 1950s - a nice lesson to those who think that the most experimental art forms leap new minted from an artist's head. They don't. In Riley's case, such breakthroughs are the result of hard labour in the studio, most of it unseen and unacknowledged.

For Riley, a student at Goldsmith's and the Royal College of Art as Abstract Expressionism was coming into the ascendant in the early 1950s, the challenge was to develop the potential of painting while distancing herself from any form of painterly "handwriting" which might get in the way of what she considered her real task as an artist, the decision-making process. Thus the final paintings are done by assistants, working from the studies she has prepared.

Fame first found her in 1965, when her black and white Op Art paintings were included in the *Responsive Eye* exhibition at the Museum of Modern Art in New York. Although modest in scale and materials, their impact was immense. "Their dazzling effects caught the mood of the moment and were immediately appropriated by the fashion world. A 1960s Riley might well have rubbed her hands and opened a chain of Op Art themed restaurants, but she is made of sterner stuff. After seeing Op Art frocks in every Fifth Avenue window, she famously declared that it would take 20 years for her work to be taken seriously again. It didn't. Her work has been regularly honoured throughout her career, most recently with a touring retrospective in 1992.

By the late 1960s, after working with shades of grey, she finally broke through into colour, at first always interspersed with stripes of black or white, such as in "Rise", 1968-70, then set shade against shade. A trip



"Size 4", 1964: a 1960s Bridget Riley might have opened a chain of Op Art themed restaurants, but she is made of sterner stuff

to Egypt in 1980 moved her palette on further, as, back in the studio, she experimented with the range of colours she had observed in the Nile Valley's natural landscape and the works of ancient Egyptian art. By the mid-1980s, a new element, the diagonal, entered her work, and the combination of intense colour remembered from her Egyptian and Asian travels and the dynamic of the diagonal produced masterpieces such as the glorious "By Way of Yellow", 1983. It is a pleasure to see an important painting such as this in the small rooms at Abbot Hall, glowing in the natural sunlight.

It is also exciting to see her most recent work, gouache studies in which the diagonal rhythm is interspersed with a curve, creating an almost Mannerist effect. A painting with a diagonal line instead of a horizontal, a curve intersecting a diagonal, a shift in

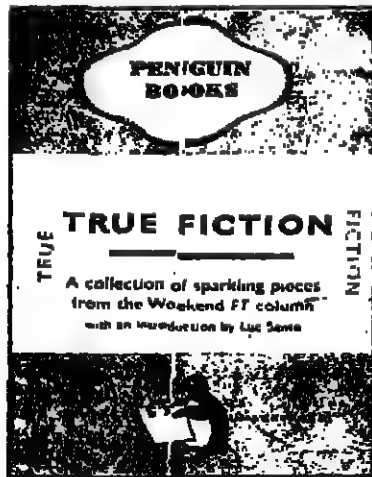
tone - it does not sound like much, but in Riley's hands, such nuances of composition are both exciting and satisfying, delighting the eye and engaging the mind. She has always understood that it takes a great deal of looking to really see.

The very latest work in the show, the studies for the wall painting "Composition with Circles", made for an exhibition in Bern in this summer, hark back to her beginnings in their simple use of black and white, but also show just how very far she has come. Spare and elegant, the drawing of the interlocking circles suggests an infinity of planes slipping and sliding among and between each other, like the inner landscape of the mind: the viewer has only to surrender to be swept away.

Bridget Riley: Works 1961-1998; Abbot Hall Art Gallery, Kendal, Cumbria. Ends January 31, 1999.

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# How to Spend It

## Fashion

Three go shopping to find a perfect dress . . .

**...And have a happy ending.  
Vanessa Friedman reports on  
a successful outing**

**T**Is the season to dress up: for drinks parties, launch parties, premiere parties, gala parties. Is the season to be festive, fashionable, and have your diary fully booked. 'Tis the season, in other words, to think: "What the hell am I going to wear?" not just once in a while, but practically every night. And for many women that means 'tis the season. If not from hell, then from purgatory.

After all, working out the logistics of an outfit that can take you from after-work cocktail to art opening to fancy dinner, or from mega-launch to intimate gathering, an outfit that won't be worn by 10 other women at the same time but will meet the event's dress code and your needs, can seem like an impossible task. What works on the pages of glossies can often seem impractical when transposed to everyday existence — viz slip dresses in the snow.

So what's the solution? We asked three women with dif-

ferent needs and tastes (and social schedules) for their answers. Then, to get to the bottom of the issue, we went shopping.

The team:  
**Janice Blackburn.** Sotheby's curator for contemporary decorative arts, grandmother of three; typical events - "the Turner Prize dinner, Kathy Lett's book launch, dinner with friends"; style: eclectic high fashion (Comme des Garçons, Hussein Chalayan).

**Georgia Coleridge.** Book critic, wife of Nicholas Coleridge, Conde Nast's managing director, eight months' pregnant with her fourth child: typical events - *Scarlet Pimpernel* première and party: style: colourful practicality (Caroline Charles, Marks and Spencer).

**Kimberly Fortier.** Publisher of *The Spectator*: typical events - Hunt Ball, a Hollinger board dinner: style: classic (Chanel, Donna Karan).

The mission: to find the perfect party dress. The time frame: one afternoon.

The theatre of operations: Bond Street, London, chosen for its high boutique-to-club ratio. We convened at a café to map out the strategy, but make no mistake: this was no frivolous girls' outing. It was a stealth mobilisation.

Thus step one: prioritise requirements. Isolate strengths and identify targets. Generally, all three women agreed that the most important factors in finding a perfect outfit were:

1. Stay within your comfort zone (which doesn't simply mean physical comfort, but

psychological: take Georgia, who "has a thing about brass straps. I hate it when they show, and I don't want to worry about that, so slip dresses are out";

2. Have a realistic body image (Kimberly: "Some people have great curves; I have great collarbones");

3. Be secure enough not to follow fashion. (Transparency, for example, currently on view in the glossies, got the following reaction: "Not for me" (Georgia); "No way" (Kimberly); "Oh, please!" (Janice).

Individually, the breakdown was even more specific. Georgia, for example, said: "I need speed; I have a husband who can get changed in 30 seconds flat, and I always have to put my children to bed before we go out. Then I love colour - I think it's only polite to show you're upset at a party and all this black depresses me - and I'm obsessed with comfort and warmth. Plus I am a corporate wife, so I have to be 'smart'. But one of the fun things about being pregnant

On the other hand, Kimberly said: "Most of what I do is business-related, so I need to look tidy and in control. My wardrobe is basically black and navy, with splashes of purple and pink for colour. I don't like sheath dresses, because I find them difficult to move in, and I don't like complicated dressing: if you see it, and you don't understand it, leave it alone."

Then there was Janice, who demanded: "One, something that is not an 'outfit'; I need things I can combine with separates I've had for years. Second, I'm concerned about dressing my age: I can't wear certain shapes, like A-line skirts, or bows, because I would look ridiculous, but I also can't be too deconstructed or I look like a bag lady. At this point, I know my most effective look is a simple piece, ideally one that covers my arms, that provides a back-drop for a fabulous accessory. I want the accessory to be the focal point."

As it happened, Janice had already emerged triumphant

**We convened to map out the strategy; this was no frivolous girls' outing**

from one solo skirmish, adding to her wardrobe a long beaded skirt from Elspeth Gibson that she said was a multi-purpose treasure - dressed down with a cashmere T-shirt, it could go to drinks or a small dinner, and dressed up with an organza jacket or skirt, to a gala event - so she and Georgia were willing to let Kimberly make the first change (literally and figuratively). Her choice: Ralph Lauren, for a ballroom.

"This is the year of Ralph Lauren evening clothes," she proclaimed. "Every year, there's one designer who gets it. Two years ago it was Donna Karan, and this year it's Ralph."

Case in point: a sleeveless black velvet ballgown with a train ("The way it covers the body - well, you know it's been cut by a man who understands women") and a cashmere ballgown in the colour of the season, grey. Sleeveless, fitted to the waist and then flaring out to a full

From left to right: Kimberly Fortier, Janice Blackburn and Georgia Coleridge as they reported for the expedition. Janice Blackburn in Etro Luxe dress, £305, Kimberly Fortier in red taffeta skirt, £1,550, and black cashmere shell top, £295, both by Ralph Lauren Collection. Georgia Coleridge in red velvet jacket by Favourbrook, £560. Photography by Ben Shinn.

skirt, it gracefully flattered, concealed and epitomised the trend to understated extravagance. "It's very simple, but the fabric makes it incredibly luxurious," said Kimberly.

"Still, it might be cold." (Georgia).

"Throw a big pink shawl  
on top!" (Kimberly)

"But look at that..." (Janice) "That" was a red full

■ 'I think it's

**'I think it's only polite to show you're upbeat – all this black depresses me'**

satin, ankle-length skirt, and "that" was generally approved of on the dress-it-up-dress-it-down front.

"I'd wear it with a black cashmere twin-set." (Kimberly) "It could go to a ball and a dinner, though it might be a bit much for an afternoon."

"Mmmm, lovely. Great col-

"I can really see the point

What about a silver beaded slip dress? "Too cold. What's the point of turning blue and shivering all night?" (Georgia)

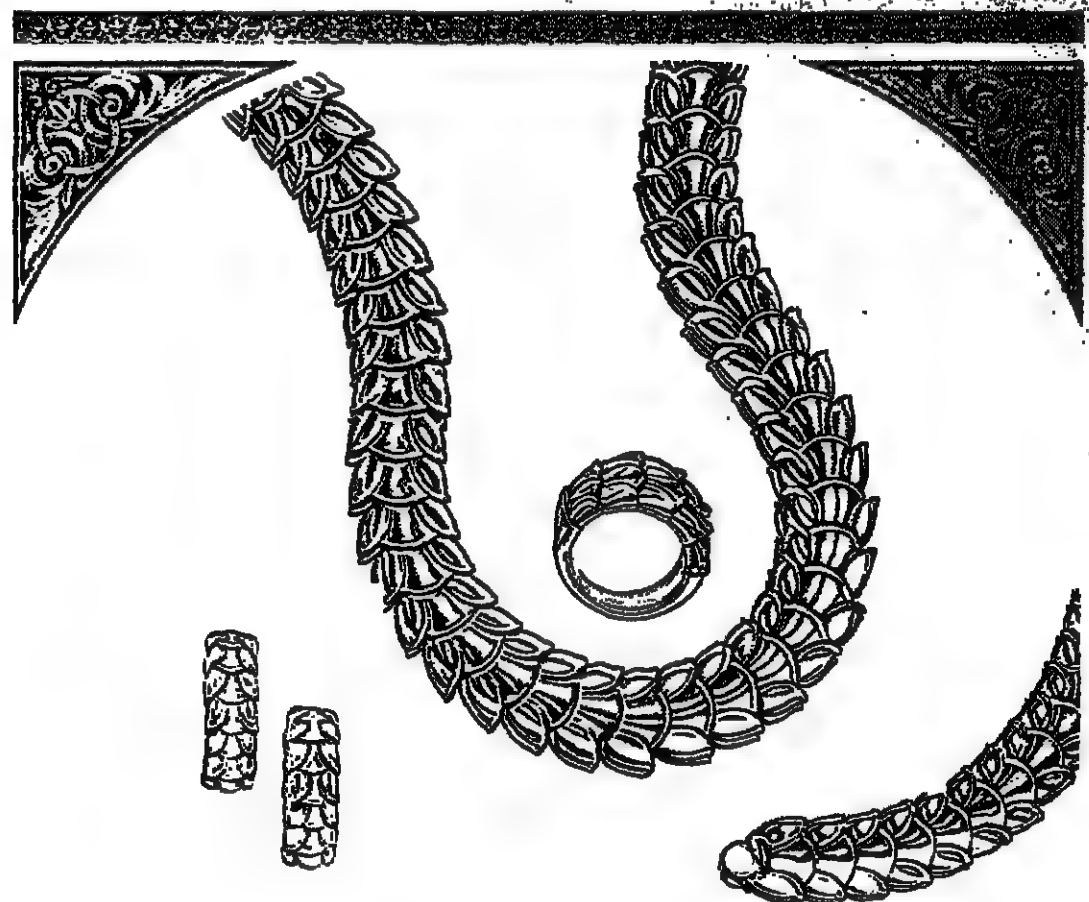
Next stop, the aforementioned Donna Karan. Georgia approved of a simple sleeveless silver velvet dress. "It would work at a premiere, and at a friends' dinner," though Kimberly had

her, though Kimberly had her doubts. "For me, this falls between my two camps," she said, deeming it neither fancy enough for a ball nor serious enough for a boardroom. Janice simply shrugged and noted: "It's too generic; there's nothing about it that really reflects individual fashion."

Chanel was Kimberly's choice for boardroom armour, and as Janice and Georgia provided back-up encouragement on a sofa (neither felt inspired to make a foray among the clothes for themselves), she

The answer to all her problems took the form of a black wool crepe suit: a relaxed single-button jacket with a black chiffon lining and a black skirt that flared over into a flirty collar and a black crepe Chanel hem, topping a flared knee-length skirt. "It covers the parts of me I want covered and the chiffon makes it modern, and appropriate for work and play," said Kimberly. "It doesn't scream 'Chanel' - the only C in sight was in the button - but it's got all the elements that make a Chanel suit: good fabric, cut, weight. And it's a great suit for jewels."

Later, charging past Guncz, the makeup spotted a widely known, 1950s-style, 1 1/2-cut, empire-waisted chiffon dress in the window. Chasing for a moment, they considered the dress, then shook their heads and declared "night-own."



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# What really want a Fur

In the Christmas  
Lucia van der Poel  
wish lists for this

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# How to Spend It



Back row, left to right: Alexander would not be parted from the V-tech Sort 'n' Go car, £14.99 (Selfridges, Oxford Street, London W1). Clementine is seated on a wooden rocking horse, £55 (from The Hill Toy Company, 71 Abingdon Road, London W9) and is playing with a Baby Chou Chou, £29.99 (from Selfridges). Elizabeth is playing with an interactive Real Live Babe, £49.99 (from Hamleys, Regent Street, London W1) and an Actimates Barney (sings songs and nursery rhymes), £29.99 (from Selfridges). Behind is a puppet theatre, £37.95, and puppets, £9.95, each from The Hill Toy Company and a rag doll, £18.95 (from Liberty, Regent Street, London W1). Jake loved the Alto Learning Book, £29.99 (from Selfridges). Front row: Bruno is holding a Zigzags which shakes and laughs, £14.99 (Hamley's own label). Samson is pulling a wooden zoo lorry, £14.99, and beside him is a wooden Noah's Ark with animals, £23.99, and a wooden crocodile ABC puzzle, £12.95, all from The Hill Toy Company

## What I really want is a Furby

In the Christmas toy stakes, Lucia van der Post looks at the wish lists for this season

Those who have small children at home will have little trouble knowing what to buy them this Christmas. Top of almost every child's letter to Santa seems to be toys that relate to television series or have somehow popped up on television.

For the rest of us, whose "children" these days require more substantial things such as Jimmy Choo shoes, pashminas, zoom lenses or bits of furniture, the world of children's toys seems almost as opaque and esoteric as the thinking of physicist Erwin Schrödinger.

The nuances of which Teletubbies is most in favour, which computer has it over all the others and which soft toy has grabbed their attention is hard for us to grasp. A trawl through the Santa letters of the children of friends and colleagues is as good a guide as any for those of us who feel we need some guidance.

Orange, lime and purple seem to be this year's hot colours for soft toys. Orange, lime and purple seem to be this year's hot colours for soft toys. Orange, lime and purple seem to be this year's hot colours for soft toys.

Rebound and Lego 9693 Spaces. What she really really wants, though (when she's forgotten what she saw on TV), are Rollerblades and a stop-watch.

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**Orange, lime and purple seem to be this year's hot colours for soft toys**

ry games, colourful shirts, jigsaw puzzles, books (particularly with trains and ideally ones he can paste, move, slide objects around), a kit, pop-up tent, audio cassettes with children's songs, animated videos, especially Disney, and anything to do with cars.

For slightly older boys who are football fanatics, almost anything to do with their favourite club - one Arsenal sheet (buy them from the Arsenal FC club, either in the shop or by mail order). Otherwise, anything electronic should go down well (though try to check with parents what he has or hasn't got).

Yo-yos, which come in a myriad guises, are one of the hot new crazes among the six- to nine-year-olds. Hamley's has a whole department devoted to them, ranging in price from £6.99 to £200 for super-brain - multi-clutch is this year's thing.

Finally, the hot-sellers for

children, the toys you really do need to try to track down now for they are selling fast, are according to Hamley's: 1. Znap, a revolution in Lego - the bricks create loads of super whizzy models and also connect with the older sort of brick.

2. Technic Cybermaster, which links physical models with computer technology. Enter the virtual Lego Technic City on the PC, then learn to build the interactive model.

3. Mindstorms - robotic invention system more sophisticated Lego. This one can be used to programme instructions into the computer, download them into a model robot via infra-red and then watch it go.

4. Furby - much like a strangely coloured Gremlin, cuddly and "fully interactive", it speaks a strange language called "Furbish" - comes with an English-Furbish dictionary. Stores are selling out as supplies come in and it's no good hopping on an aircraft to the US - even FAO Schwartz has sold out.

5. Cool Colours Barbie in super trendy mode, all dungeon flares and 1990s make-up.

6. Babe - the "cutest pig in the world" - interactive, so says a few phrases and can, allegedly, be taught more.

7. Rumpus Range: Gus Gutz (but only for children whose parents have a strong stomach) - Gus opens his mouth wide, allowing his soft guts to be removed one by one. Gross but children love him. A lovable friend who hangs about in the wardrobe and scares the ghosts away.

8. Tomica World - Tomy's new transport system with lots of trains, cars, track and even a car wash.

9. Zigzags - incomprehensible to adults, but children love them - they giggle and shake hysterically at any sound or movement.

What more can I say, except hurry if you want them and may there be lots of smiles on Christmas day.

## Anonymous, yet oh so chic

You can't place the label but Laura B's Chelsea hideaway is much prized, says Lucia van der Post

Let us suppose you are quite a figure in the fashion world, or an interior designer of note, that you have a busy social life, with meetings, lunches, receptions and dinners to attend and you need to look your best.

Let us further suppose you are no longer 20, that nature has unaccountably failed to supply you with a figure like Kate Moss, or even one that can slip nonchalantly into a perfect size 10. You do not feel that slivers of chiffon, shrunken cardigans or transparent layers will see you through your working or social rounds.

You are prepared to pay for quality but not the vertiginous sums the swankier labels command. In short, you are much like most British women. Where do you go for something that is fashionable but not too much so, that is of good quality but not outrageously pricey?

If you are one of the circle that has discovered the charms of Laura B's tucked-away shop in Chelsea you may take your problems to her. Into the two upper floors of a small Chelsea house (you have to press the bell to be allowed in) come duchesses, countesses and younger royals, foreign notables, wives of landed gentry, American heiresses, British jewellers and interior designers, newly appointed fashion editors whose figures would not be enhanced by Prada, as well as plenty of pretty young girls. What they come for is anonymous chic and... service.

Here trousers come in 25 different styles - with pleats and without, narrow, wide, side-fastening, elasticated, with or without pockets and so on. Any design in the shop can be ordered in any fabric (at no extra cost, except for extra fabric if in an exceptionally large size) and special orders can be done in 10 to 14 days.

Busy working women can order a jacket, dress, trousers and skirt in, say, plain navy wool crepe that doesn't crease. Then they know they can set off for New York, Stockholm or Geneva with a complete capsule wardrobe that will see them through anything except a grand dinner or ball.

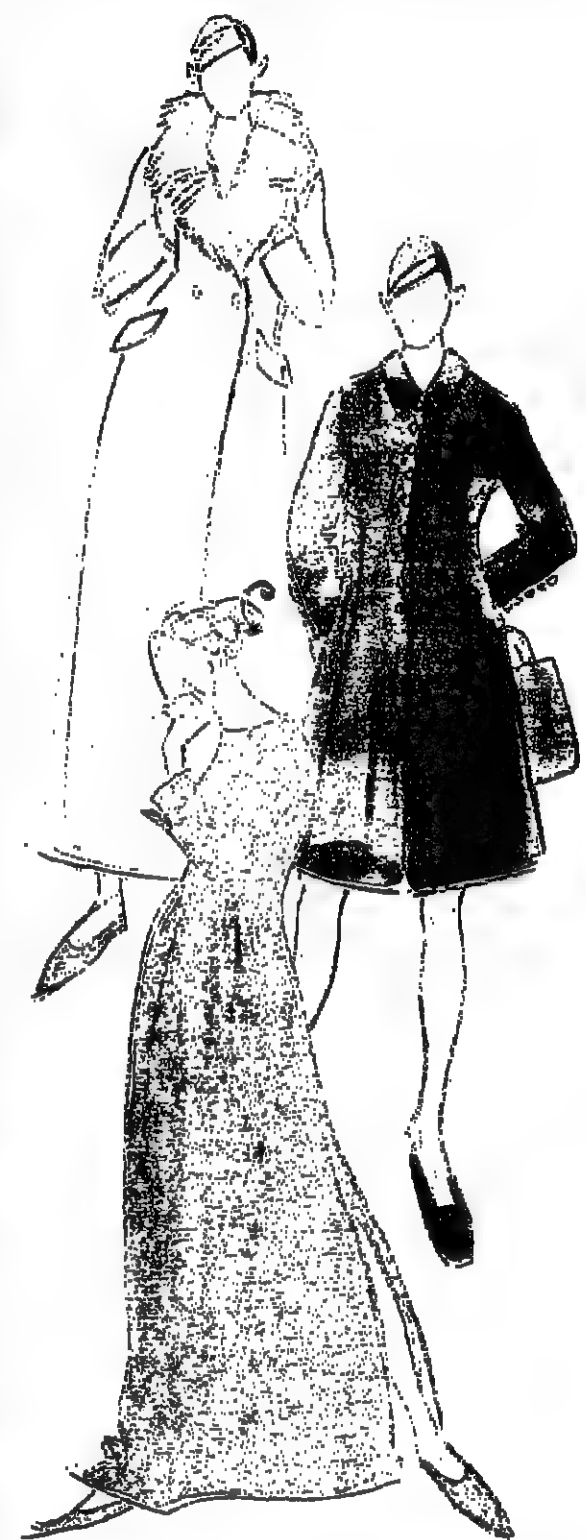
Laura B's customers also need clothes for weddings, lunches, Ascot, balls and those in her boutique who will find them. And if you buy the sweet little pink suit and tell her you are planning to wear it to Lady X's lunch she will warn you that, too, is the Countess of Y so why not buy it in another colour or keep it for another occasion.

Obviously most of her customers don't buy their entire wardrobe from Laura B - the clever ones match their clothes to the event. They intersperse cutting-edge numbers from avant-garde designers or international labels with Laura B's more anonymous little suits and velvet dresses for country weekends and the set-piece events of the social season where a crumpled Yohji Yamamoto or a rough-edged Dries van Noten would look out of place.

Now that Laura B (the B is for Benjamin) has become Mrs Carlo de Chair she no longer does the trunk shows she used to do in New York and Palm Beach ("Sometimes I did six months' business in a week"), but many of those customers still order from her.

Some, though, are so relieved to discover her so like one New Yorker who came to one of her trunk shows, they simply fax their needs each season and order in bulk. "One of them," says Laura B, "sends her private jet to pick up the new wardrobe. What they seem to like is that the clothes are not instantly recognisable - they don't shriek of any label and nobody knows where they come from."

But the customers who almost cry with relief as they sink into Laura B's sofa are those who are less than perfectly shaped - here in the privacy of her boutique they can be measured up and have everything made to order. Jackets in any size (she has just done a £30,000 wardrobe for one chic but very large woman) can be ordered, cut to flatter and



From top: A cashmere coat with fox or mink collar, in black or classic camel, £795. Buttoned-up wool bouclé long jacket, £595. Team it with a pencil knee-length skirt, £165. Stretchy velvet dress with little pleats around the waist, from £395. Laura B, 25b Walton Street, London SW3 2HU. Tel: 0171-581 4123

deceive while trousers can be made with elasticated waists and skilful cutting. This is not to say it is only the large and strangely shaped who rush to Laura B - many pretty young girls and trendy labels come to her for another sort of look. Such impeccably slim fashionistas as Jane Procter, editor of *Tatler*, fashion editor Kate Reardon and erstwhile social editor of *Tatler* Ewa Lewis buy there.

Sometimes three generations have been known to wear Laura B - Mrs Jack Hayward, for instance, her daughter Sue Heath and Sue Heath's twentysomething daughter Emily all at some time make their way to Laura B's Walton Street eyrie. On any given day you could bump into Lady Peter- shan (Viscountess Linley's mother), Lady Smith-Ryland, Rosia, Marchioness of Northampton and her daughter Emily Compton, the Countess of Leicester.

What they seem to prize is the privacy, the medium-range prices and the knowledge that what you buy there won't be found anywhere else.

Chances are that when you see somebody in the public eye looking very nice and can't quite place the label, it will be a Laura B.

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# Market m

## to edible

Sue Style does her



## FOOD AND DRINK

## Appetisers

## Three top London openings

After two dull months for British restaurants, November started brightly. As though to ensure that restaurateurs did not get carried away, three new London restaurants, all aiming at the top end of the market, have opened doors within hours and not that many miles of each other.

First off the mark was the refurbished, ultra-comfortable J Sheekey, near Leicester Square Tube station, a piscine sibling for Le Caprice and The Ivy. Next it was the turn of the Frith Street Restaurant to open on the corner of Soho Square, a gastronomically thrilling partnership between the talented team of chef Stephen Terry and restaurateur Claudio Pube.

Finally, the new La Tante Claire has emerged from the builders' wraps with Pierre Kofmann at the stove of what was the restaurant in the Berkeley Hotel, Knightsbridge.

□ J. Sheekey, 28 St. Martin's Court, WC2. Tel: 0171-240 2525. Open all week.  
□ Frith Street Restaurant, 63/64 Frith Street, London W1. Tel: 0171-734 4545. A la carte menu £31 two courses; £25 for three. Closed Sat lunch and Sun.  
□ La Tante Claire, SW3. Tel:

0171-823 2008. Set lunch menu £22. Closed Sat lunch and Sun. And in Manhattan, after 26 months, hammering, nailing and planning on the part of the owners of the Union Square Café and Gramercy Tavern, Eleven Park Walk is at last open (dinner only for the moment) at 11 Madison Avenue at 24th Street. Tel: 212-688 0805. *Nicholas Lander*

There has been a welcome change at the London wine bar chain of Corney & Barrow since

my rather critical article this spring. The wine company of the same name has ceased to be the sole supplier, which means that there is a better choice of wines by glass and bottle.

At a recent dinner at their new branch in St Martin's Lane (0171-655 9800), I enjoyed by the glass a 1996 Lagar de Cervara Albariño from Spanish Galicia; a 1996 Quinta do Crasto red from the Portuguese Douro; and a 1993 5 puttonyos toky from Royal Tokay. As a special treat with

the roast partridge we had a bottle from their fine wine list: Château La Grave à Pomerol, which was reasonably priced at £44.95. *Giles MacDonald*

The traditional sherries of Pedro Romero of Santucar de Barrameda were absent from the British market for many years. This was a pity: they are some of the best I have tasted this year. The range starts with a classically earthy Manzanilla Fina and culminates with a

series of 40-year-olds with magnificent complexity and length: Oloroso, Palo Cortado and Amontillado. The importer is Terry Dunphy (01342-324663). Mail order sales are through Richard Roblin (0189-773744). Prices start at £8.99 for the Manzanilla, rising to £27.99 for the 40-year-olds.

GM  
Madeira is a useful wine at this time of the year, and the dry wines are not only excellent aperitifs, they contribute

wonderful flavours to cooks' sauces. Beniques & Henriques is one of the remaining independent firms on the island. It makes a good, honest dry wine in Monte Saco (£8.95) and naturally also provides the classic varieties such as the dry Sercial or sweet Malmsey (£15.95). Stockists include Lea & Sandeman (0171-476 4767 and branches), Fortnum & Mason (0171-734 8040) and Selfridges (0171-628 1234). *GM*

GM  
Aroma II in Shaftesbury Avenue (0171-437 0377) is a new branch of the original Aroma in London's Gerard Street. Like its parent house it serves Peking cooking, including real, fat Peking duck. Menus from £13.50 a head. *GM*

## Wine

## Sssshh. It's the 'O' word – again

Classicists can get off to a head start in culling the best bottles of Greek wine, says Jancis Robinson

Last week a large Australian with a small winery rang me in what must have been the middle of the night for him. Would I by any chance mind if he and his fellow producers of Rutherglen Liqueur Muscat quoted something I had written about this unique wine style in their generic literature? I was touched by his courtesy – without a whiff of reticence among them – on an unsuspecting British public, the vineyards of Europe's oldest wine producer will never be the same again. And taverna jokes will surely fade into well-deserved antiquity.

Now that wine buyer Steve Daniel is launching 30 hand-picked Greek wines – without a whiff of reticence among them – on an unsuspecting British public, the vineyards of Europe's oldest wine producer will never be the same again. And taverna jokes will surely fade into well-deserved antiquity.

The thing that will surprise most wine drinkers about these wines is that they are predominantly white and extremely crisp – the absolute antithesis of the Greek wine stereotype.

If sitting around in hot wineries is the enemy of good winemaking in Greece, the high-altitude vineyards are its trump card. Combining naturally acid grapes with a long growing season, lots of flavour and, at last, investment in temperature-con-

trolled wineries, has resulted in this heterogeneous – there is nothing homo about modern Greece – crop of characterful, full-bodied wines that reflect places and grapes that made wine for Aristotle. Although most bottles have a much-needed explanatory back label in English, Oddbins has deliberately kept front labels predominantly Greek, which presumably gives classicists a head start.

Basically, any of the three wines which have names beginning with Gaia, made by the cosmopolitan (gosh, this Greek gets everywhere) wine guru of Athens University, are distinctly superior. The Gaia Notios Red 1997 at £5.99 is, so to speak, prototypical modern Greek red from Agiorgitiko grapes grown in Nemea – even the Gaia Notios White 1997 has real excitement and lift for £4.99. Well worth the extra £2, however, is the nerve-dinging, titillatingly verdant, bone dry Gaia Thalassitis White 1997 made from 100-year-old Assyrtiko vines

which cling to life on the black volcanic soils of the island of Santorini. This message in a bottle from another age contrasts tellingly with the 1997 barrel-fermented Chardonnay from Tselopos at £7.99 which could have been made almost anywhere in the (wine) world. If you like big, fat pineapple Chardonnay, you might like this. I do not.

Antoniopoulos Chardonnay is a completely different kettle of mullet. I had my first ever Greek fling with the 1996 and this subsequent vintage, a pound dearer at £9.99, could well be the wine to ease you into the idea of fine Greek wine. Serve it, soon, to your white burgundy-loving friends.

Antoniopoulos has also made a fine white blend of Greek varieties in what the back label describes as "dire climatic conditions" called Adoli Ghis 1997, far more multi-layered than most wines at £5.99. If you like Galician whites, you will love this elegant, very slightly honeyed wine. Its acid level suggests it might age extremely gracefully.

My preferred Antonopou-

los red is the cheaper one, the Private Collection 1997 blend of Agiorgitiko and Cabernet which is still young but fully warrants its £8.99 price tag. The more expensive all-Cabernet version is very hard work but the top red curve from my third and last designated source of Greek talent, Kosta Lazaridis, is an extremely fine wine indeed – so much so it is available only at Oddbins Fine Wine Stores, at £14.99. This one is already in balance although it would be criminal to serve it this mil-

lennium unless for the purposes of confounding bigots. It is difficult to imagine any other bottle from anywhere in the world into which so much has obviously been crammed – to such pleasing effect, although I should warn you that my tasting notes include the mysterious phrase "rich beetle juice".

Kosta Lazaridis's cheaper Agiorgitiko Red is a big round blend including the rare and ancient Limnio grape. These wines are all dramatic, and such good value, will probably never be seen again. Quality has taken the sort of giant, unfiltered leap forward recently that normally precedes by one vintage a substantial price rise. British readers should snap up these wines at the sort of introductory prices that Oddbins has managed to squeeze out of producers thrilled to have an international showcase. Readers elsewhere should encourage their importers to catch the next Olympic Airways flight.



Harvesting the grapes with the Aegean in the background: Greek wine can often provide a message in a bottle from another age. *Clapham*

## Market monument to edible desires

Sue Style does her shopping in Dijon

The bustling Saturday morning market in Dijon gives a fair indication of the town's single-minded passion for food. Built in the 1880s and recently restored to its former glory, it is an ornate, blue and gold, Eiffel-like, glass-fronted monument to gourmandise. There is almost nothing you cannot buy there – and almost everything is edible.

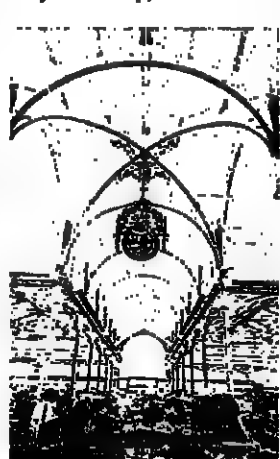
A chic woman attached to an elegant and capacious wickerwork shopping trolley selects *finer herbes*, oakleaf and other autumnal salads, while a young man in Barbour coat and polished shoes hesitates between a neatly boned saddle of wild boar and a hunch of venison to partner his recently purchased chanterelles.

An elderly woman in a headscarf is proffered six brown eggs in a paper bag and a fragrant guinea to tuck inside her guinea fowl. A line of shoppers waits patiently at butcher Alviest's for a slice or two of pinky succulent *jambon persillé*, the jellied and parsleyed ham of which Burgundians are exceedingly fond.

Local chef Jean-Pierre Billoux saunters through, salutes a man and sundry and makes a beeline for a stall selling gaily patterned winter squash. Close by, the Porcheret cheese shop does a brisk trade in Epoisses, a pungent, pinkish-orange cheese cushioned in marc de Bourgogne, and cozy wedges of

Cîteaux from the abbey nearby.

At the Comtesse du Barry, in rue des Forges, there are mail-order possibilities for every kind of hamper and specialty, while next door at de Neuville are trays upon trays of deep, dark choco-



The market hall in Dijon: a tribute to gastronomy

lates. Shoppers thread their way through the streets bearing baguettes and precise packages of pâtisserie, held high by their ribbons. At the annual *Forêt Gastronomique* held this month on the outskirts of town, visitors are assailed with offers to taste charcuterie, cheese, wine, *jambon persillé*, truffles, oysters, coffee, Bresse chickens and gingerbread. Interspersed with this orgy of consumption are chefs' demonstrations, journalists' cooking contests and chocolate mousse competitions.

confined to children and their *mamies* (grandmothers).

Dijon is even home – appropriately – to the newly formed *Institut Européen des Sciences du Goût* (European Centre for Taste Sciences), scene of animated panel discussions on a wide range of subjects dear to the French heart – and stomach.

Recent hotly debated topics have included: "Can the Fleasures of the Table be Compatible with Good Health?" and "A Taste for Risk or Risky Tastes: Fine Food in an Age of Health Scares."

There are several good restaurants in town, to suit all tastes and purses. Directly opposite the Palais des Ducs at Le Pré aux Clercs, Billoux makes a mean *meurtrie d'escargots l'ancienne*, a windy Burgundian stew of snails.

At his more modestly priced Bistrot des Halles, refugees from the market tuck into restorative slabs of home-made pâté and game terrines.

On the Place Wilson young chef Jean-Paul Thibert keeps the Dijonnais on the edge of their seats with foie gras and sorrel sauce, and inspired variations on the duck-with-cassius theme. So for a pre-Christmas break, take the *train à grande vitesse* to Dijon, follow in writer M.F.K. Fisher's footsteps to the venerable (and recently modernised) Hotel La Cloche and give yourself over – as do the Dijonnais – to the single-minded pursuit of the pleasures of the table.

## Where to go in Dijon

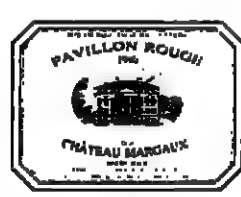
■ René Auvet (meat, game, jambon persillé), Halles Centrales, tel: +33 3 80 30 56 60.  
■ Comtesse du Barry (hampers), rue des Forges, for mail-order catalogue call +33 3 82 67 98 11.  
■ de Neuville (superior chocolates), rue des Forges.  
■ Fromagerie Simone Porcheret (cheeses) rue Bannelier, +33 3 80 30 21 05.  
■ Mulot & Petitjean (gingerbread), 13

place Bossuet and 16 rue de la Liberté, +33 3 80 30 07 10.  
■ Au Pré des Clercs (Restaurant Jean-Pierre Billoux) 13 place de la Liberté, opposite the Palais des Ducs, +33 3 80 38 05 05.  
■ Le Bistrot des Halles, 10 rue Bannelier, +33 3 80 49 84 15.  
■ Restaurant Thibert, 10 Place Wilson, +33 3 80 67 74 64.  
■ Hotel Sofitel La Cloche, 14 Place Darcy, +33 3 80 30 12 32.

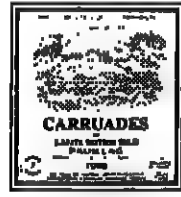
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1996	1996	1996	1996
<b>Margaux</b> Margaux Rauzan-Ségla Issan Giscours Labégorde La Tour de Mons Pavillon Rouge Blason d'Issan	<b>Pauillac</b> d'Armailhac Haut-Bages Libéral Clerc Milon Colombier-Monpérou Pichon La Fleur Poyabon Carruades de Lafite Blason d'Issan Les Tourelles de Longueville Haut-Bages Averous	<b>Haut-Médoc, Médoc, Moulis</b> Hautin-Ducasse Lanessan Peyrabon Sociando-Mallet Villeranque La Demoiselle de Sociando-Mallet L'Ermitage de Chasse-Spleen Loudenne Chasse-Spleen Poujeaux Fonréud Mayne-Lalande	<b>Saint-Estève</b> Cheval Blanc Canon Clos Fourt Clos Gaffelière L'Arrosee Soutard Troplong Mondot Faugères Grand Corbin Despagne Le Petit Cheval Clos Canon Virginie de Valandraud
<b>Saint-Julien</b> Léoville-Barton Gruaud Larose Saint-Pierre Talbot Beychevelle Gloria Les Fiefs de Lagrange	<b>Saint-Estève</b> Clos d'Estournel Montrose Caton-Ségur Haut-Martuzat Les Ormes de Paz Pichon-Ségur Bel Air La Dame de Montrose Marquis de Calon	<b>Pomerol</b> Le Bon Pasteur La Conseillante L'Evangile Mazeyres Petit Village La Pointe Clos René De Sales Vieux Château Certan La Gravelle de Certan	<b>Graves Pessac-Léognan, red</b> Haut-Brion La Mission Haut-Brion Carbonnieux Domaine de Chevalier Fieuzal Haut-Bailly Latour-Martillac Smith Haut Lafitte Pique Cailhou Domaine de la Solitude

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## PROPERTY

# The shock of the new in a stately setting

June Ducas looks at how modern art fits into a country house without becoming a hanging offence

Carved out of an alabaster pillar, standing 10ft high, Jacob Epstein's sculpture of Adam dominates the hall of Lord Harewood's stately home like some latter day colossus. When it was created in 1939, it caused a furore – not least because it was considered indecent, and worse still blasphemous. Today, it astonishes the visitor to Harewood House, near Leeds. "Adam is particularly well endowed," Lord Harewood admits. But that is not the point.

The hall, with its fluted columns, plaster wall medallions and frieze framing the ornate stucco ceiling, was designed by Robert Adam, the 18th century architect. In the classical revival style, modern art in English country houses is simply not the norm.

Yet over the past 400 years, the aristocracy's patronage of the visual arts in their palaces, castles and family seats has resulted in collections that are the envy of the world. In the first half of the 20th century, sadly, that tradition lapsed.

"The close relationship between painters and patrons was virtually suspended with the advent of modernism," says Tate Gallery curator, Robert Upstone. "In Britain, modernism was associated with socialism, even revolution, and greatly feared."

After the second world war, and especially during the past 20 years, Upstone believes that there has been a mini-renaissance in collecting with a few grandees casting their eyes on the contemporary field.

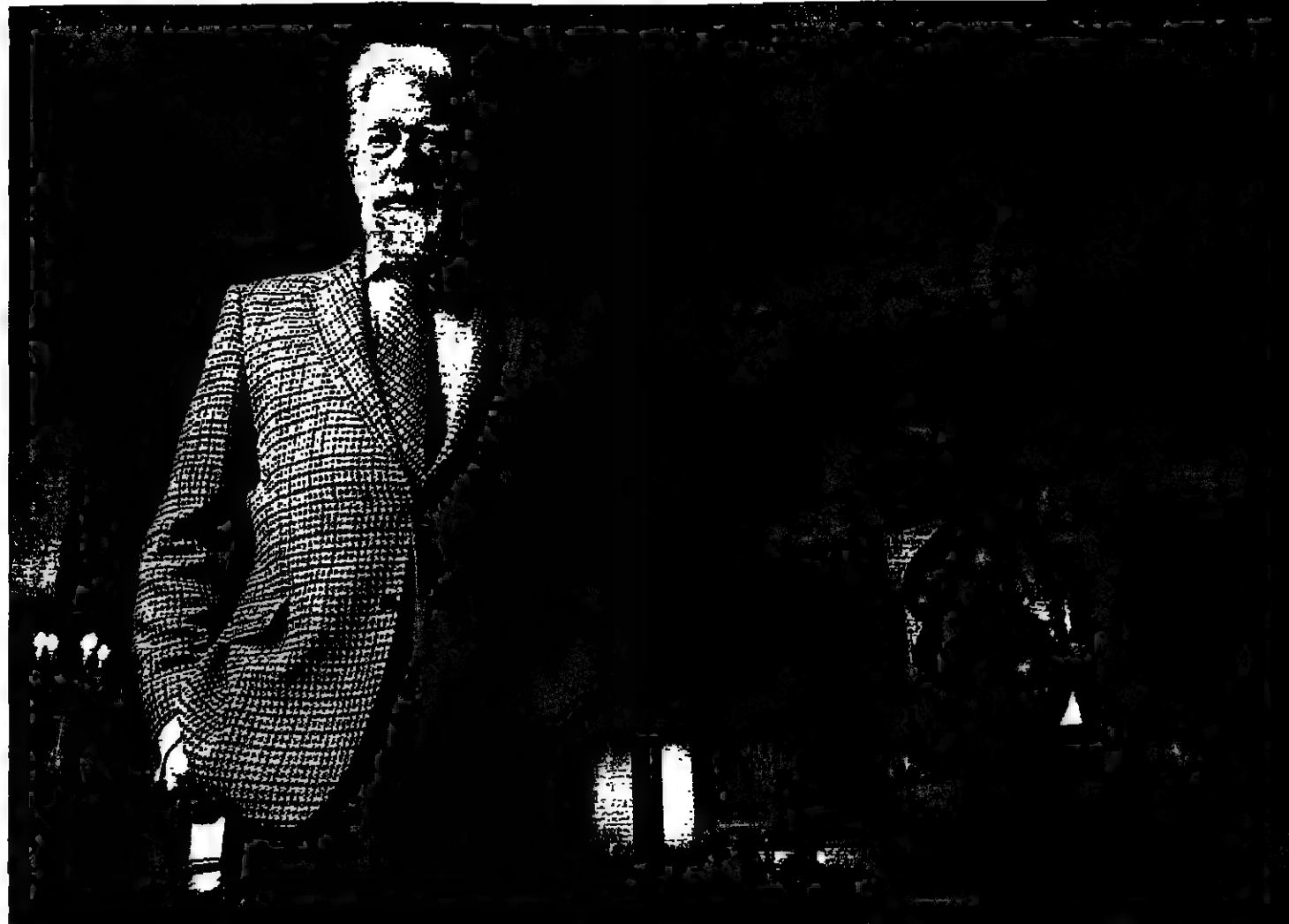
In 1983, when Sir Richard Carew Pole moved to Antony, the Cornish home where his forebears settled in the 15th century and which today belongs to the National Trust, he decided to commission living artists to record its interiors, the surrounding landscape and his family.

"Each generation should make an impact on a house. Otherwise, it stands still," says Sir Richard, a trustee of the Tate Gallery and the National Heritage Memorial Fund. "I invite artists to stay and work here, in a peaceful atmosphere."

A string of them have enjoyed his hospitality: portraitists Peter Greenham and Derek Hill, John Hubbard, a Jerwood prize winner, and Devon-based artist, John Virtue, whose monochrome rural scenes are semi-abstract.

In the garden, he replaced a crumbling statue of a boy holding a dolphin with a sculptural bronze fountain in the form of a cone by William Pye. Having always loved Rupert Brooke's sonnet, "Oh! Death will find me", he asked modern sculptor, Christopher Le Brun, to interpret it visually.

In his sitting room at Chatsworth, the Duke of Devonshire has been even bolder. He has flanked works by Sargent, Bottoni and a Reynolds of Georgiana, Duchess of Devonshire, with Lucian Freud's uncompromising portraits. "They are an odd antidote to the sugary artistry of the other pic-



Lord Harewood with Epstein's sculpture of Adam, that dominates the hall of Harewood House

John Armstrong

tures. If I had a Francis Bacon, I would not hesitate to treat it in this way. Provided quality is matched with quality, juxtaposing paintings of different genres can be highly effective."

Introduced to Freud by one of his sisters, the Duke met the painter in the 1950s, before his fame and prices

soared. He values his long-standing friendship with the artist, a man he describes as having "searchlight intelligence".

Equally, he has a close rapport with Angela Conner. The bronze heads she has sculpted for him are mainly of his friends, including Freud. However, he lacks

space. The walls of Chatsworth are as crowded as the National Gallery.

At Harewood, the rooms are also crammed with old masters. Yet Lord Harewood, who once ran English National Opera and was artistic director of the Edinburgh Festival, remains acquisitive, taking after his grandmother, Queen Mary.

Over the last 40 years, he has made fine purchases: Sickert, two bronzes by Gaudier Brzeska – outstanding examples of modern British sculpture – and a pencil drawing of Schoenberg by Egon Schiele, a controversial Viennese artist in his time. He also owns several striking pictures by Australian artists Sidney Nolan and Arthur Boyd – his wife is Australian.

"I used to keep my modern works in London," he remarks. "At the suggestion of my daughter-in-law, who is a painter, I redeployed them at Harewood, since the collection stopped in 1980."

So why is modern art so poorly represented in historic houses? One reason is that die-hard traditionalists are still wary and dismissive of the avant-garde. And purists judge that art in a building should be of the same period as the architecture.

But the Tate's Robert Upstone would disagree. "At Rockingham, 20th century pictures look wonderful on Tudor panelling," he says. "Indeed, they look far better than in an antiseptic white cube gallery."

If the reuses look too long at the Tate for John Singer Sargent, you will not regret seeing this exhibition instead.

For further details of the Historic Houses exhibition see the footnotes to the article above.

Certainly, visitors to Burton Agnes Hall, an Elizabethan mansion in Yorkshire, appreciate the Impressionist and Post-Impressionist works – by Cézanne, Pissarro, Gauguin, Derain and Georges Rouault – displayed in a barrel-vaulted long gallery. "Modern pictures take their place very successfully in an ancient setting," wrote the late Marcus Wickham-Boynton who collected them in the 1930s.

Sir George Labouchère, another man of vision, collected 20th century painting

**'The advent of modernism hit relations between painters and patrons'**

and sculpture during the 1950s and 1960s when he was British ambassador to Belgium and Spain. "I thought that abstract art was the most important and exciting trend in art since the Impressionists," he says. "I wanted to acquire works of high international repute."

He did, buying Henry Moore, Barbara Hepworth, Dubuffet, drawings by Modigliani and Matisse. He shows them at his home, Duxton Hall, Shropshire.

However, before deriding the nobility for narrow horizons, there are mitigating

factors. In the late 19th century, blue-blooded families, tied to the land, found their fortunes dwindling as agriculture slumped and industry thrived.

In order to survive, many sold off valuable objects, mostly bought by the rising middle classes. Impoverished, they are today saddled with a house and a constant battle against the perils of leaking roofs, dry rot and antiquated plumbing. Art is not on their shopping list.

"Two wars finally eroded the power base of the landed classes," says 47-year-old Lord Windsor, who revelled in the explosion of artistic talent during the 1980s and is now a patron of the Contemporary Arts Society. "Country homes used to be salons for painters, playwrights and musicians. Now young artists won't go north of the M25. They like to feel the pavement beneath their feet."

Lord Windsor's home, Oakley Park – remodelled in the 1800s by architect G.R. Cockerell in Hellenic grandeur – is in Shropshire. "It is a pity people aren't more adventurous," he remarks. "The English country house has always evolved. I don't want to leave mine set in aspic."

In Celebration: The Art of the Country House marks the 25th anniversary of the Historic Houses Association and is a collaborative exhibition with the Tate Gallery, London. It runs at the Tate until February 28.

## Gems behind the façade

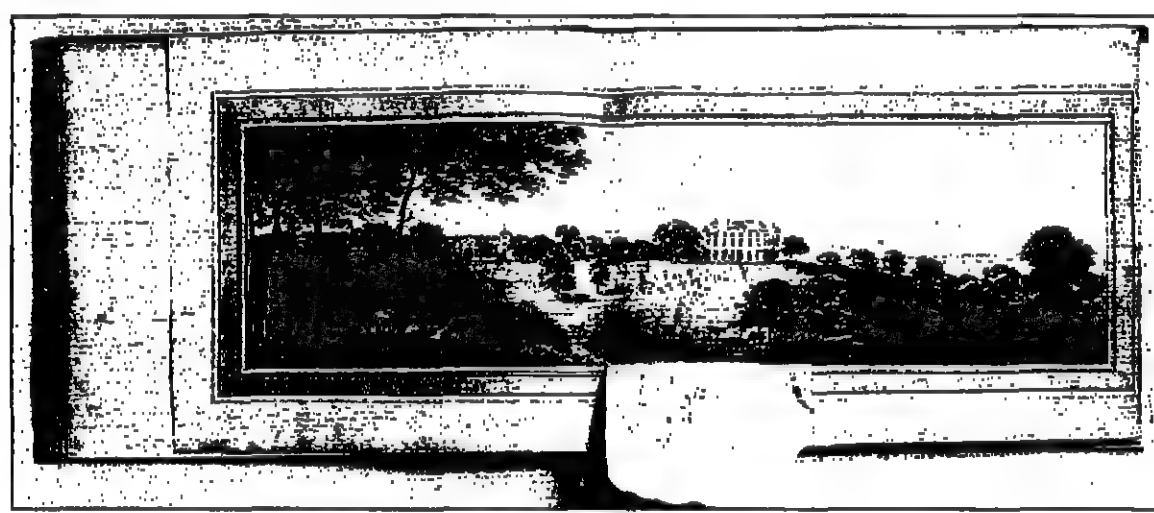
Gerald Cadogan on the grandeur within some great stately homes

To describe the great country houses that have long been a glory of Britain and Ireland as stately homes is boring – because it speaks only of class.

These grand houses had a far wider impact. As centres of the local economy, they provided jobs for platonists of servants, gardeners and farm labourers. Farming produced the wealth to build the houses and, after the Industrial Revolution, so did mining, quarrying, metal beating or making noxious chemicals.

Country houses were also the centres of local justice – the squire was usually on the magistrates' bench – and the general management of rural society, including the church. And, despite their occupants' devotion to field sports and horse racing, they often housed fabulous art collections, as a small but delightful exhibition at London's Tate Gallery makes clear.

It celebrates the quarter century of the Historic Houses Association, the advisory-cum-lobbying group (and virtually a trade



A 1790s property brochure: Humphry Repton's pop-up Red Book for Courtenhill

union) for private owners of historic houses, castles and gardens, whether open to the public or not.

The show is an enticement to visit the 60 houses, almost all of them open to the public, from which the works come. Besides a fair number of sporting and racing scenes (including Stubbs' "Gimcrack"), landscapes, portraits and miniatures, there are some gems.

Chatsworth has lent a wonderful quietly erotic drawing of Leeds and the Swan by Leonardo and a superb early Lucian Freud in oil on copper of Elizabeth Cavendish.

Some of these houses were important seats of learning, as a Kneller from Stanton Harcourt Manor shows. He paints Pope, who worked on his translation of The Iliad in the house, resting his elbow on a

volume of Homer and looking thoughtful. Humphry Repton's pop-up Red Book for Courtenhill is another treat. Bound in red leather, it is a 1790s

property brochure, to show clients how their garden will look after he has landscaped it. That, too, is still in the house it was made for.

Two other choice pieces bring you up sharply. From Berkeley Castle comes a life

mask of Charles I, taken from the bust Henrietta Maria commissioned from Bernini, and from Bowood House a death mask of Napoleon.

If the reuses look too long at the Tate for John Singer Sargent, you will not regret seeing this exhibition instead.

For further details of the Historic Houses exhibition see the footnotes to the article above.

On the Move

## At home beneath the fish pond

One of London's most expensive mews houses is for sale, writes Gerald Cadogan

What must be London's most expensive mews house is on the market in Holland Park Mews, W11, where De Groot Collis (0171-255 8900) and Foxtons (0171-616 7000) ask £11.2m for The Old Stable. But it is a highly unusual property.

Listed grade II\*, the house started life in 1766 as a coach house and resting place outside London on the heathland of Notting Hill. In 1850, Lady Augusta Holland, of Holland House, turned it into a studio-cum-folly, while keeping the stabling – and put a covenant on it that prevented it being altered for 99 years. Today, it still has the old brick and stone stable floors.

Set in the drawing room ceiling is an illuminated glass-bottomed goldfish pond, which brings light into the room. A trip to the first floor reveals this pond to be part of a large roof garden which, because of the slope of the land, is almost at street level.

### Old mulberries

Equally exotic, but much larger and two-thirds of a century older, is 20 Cheyne Row, London SW3. It is a Queen Anne house although

three mulberries in the garden are older still, and must date from the 17th century when mulberries were planted to supply an English silk industry. Besides 11 working fireplaces and two Jacuzzis, the house boasts a large studio drawing room added in the early 1900s, ideal for parties. The freehold price from Aylesford (0171-351 2383) is £2.75m.

### Hackwood sells

At last, 14 months after coming to market with an asking price of between £15m and £20m, Hackwood Park on the edge of Basingstoke has been sold. But two other properties in the country house superleague are still sticking: Luton Hoo and Mentmore Towers.

The 2,437 acres of the Hackwood estate are a garden of delights. The house is listed grade II\* and dates from 1883. It features Spring Wood, probably the best early landscape garden in the country, and a large walled garden, a deer park that has had deer since 1280, a beautiful cricket pitch and masses of farmland.

The selling agents for the executors of the late Lord Camrose were Knight Frank and Simmons & Sons of



A pond in the ceiling: the drawing room at The Old Stable

Basingstoke. About 100 beneficiaries will share the proceeds.

### Natural beauty

If the beauty of Hackwood is man-made, albeit over centuries, a cheaper alternative is to buy in a designated Area of Outstanding Natural Beauty such as the Looe valley in Cornwall.

Above the East Looe River, a pair of semi-detached cottages, virtually hidden in 6.5 acres of land but with views up and down the Looe valley, is for sale

from Miller & Son in Liskeard (01579-344401). One cottage has been restored, the other still needs attention. The price for the two is a mouth-watering £139,950.

### Sporting offers

Premier sporting estates are for sale in Scotland. Through Finlayson Hughes in Inverness (01463-224943) and Knight Frank in Edinburgh (0131-225 8171), Lady Pauline Ogilvie-Grant Nicholson, sister of the Earl of Seafield, is selling two neighbouring estates

### Regatta Point

Regatta Point, formerly a derelict building by the Thames in Brentford, has been developed by Frendcastle into 56 flats. Prices range from £125,000 for studios to £600,000 for penthouses. More than 80 per cent of the units have been sold. To see the rest, call Frendcastle on 0181-878 7766.

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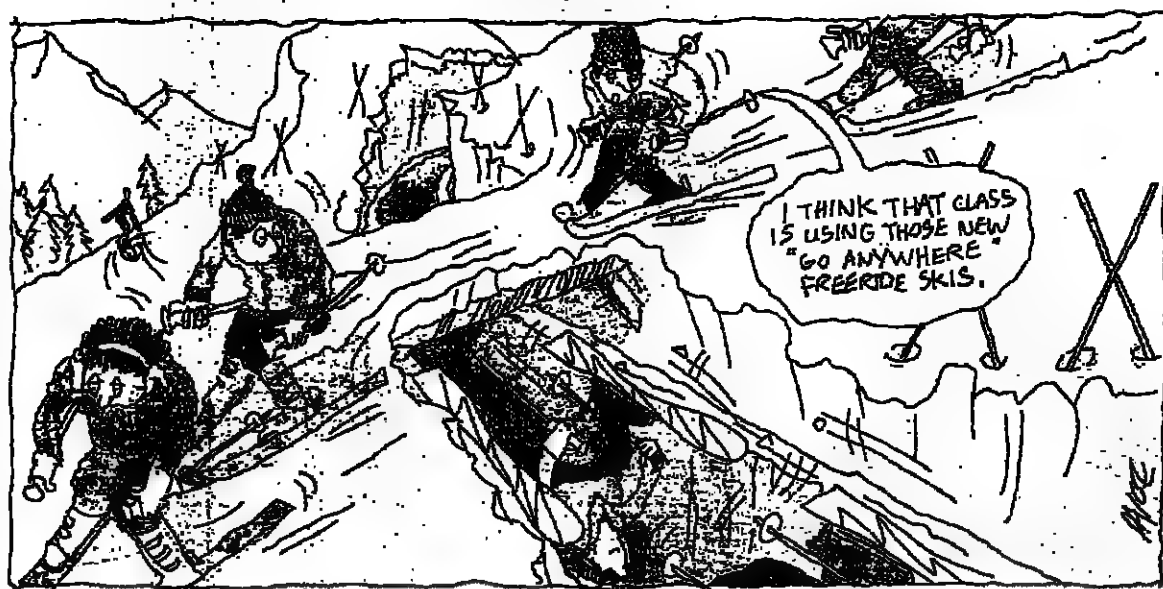


## TRAVEL

## Skiing

# The freeriders' revolution...

...is coming to a resort near you. **Doug Sager** on why it's really great to be a skier again



**T**his is the winter skiers take back the slopes - and, more important, to manufacturers, the shops. For the first time in a decade, since snowboards first made their distinctive broad swathes across slopes, skiing is the coolest thing. The industry, where skier visits for North America have remained essentially static for the past 10 years, is ecstatic.

Resort managers, fearful that snowboarders would grow up and abandon snow-sports altogether, are smiling again. The reason is the freeride revolution. It is a new style of skiing, with new shapes of skis, new fashions and new heroes. Freeride is a fusion of the snowboarding ethos, with echoes of old style "extreme" skiing, and all the "attitude" you can imagine.

Free skiing became official two summers ago when the world's top stunt skiers and competitors from the World Extreme Skiing Championships in Valdez, Alaska, not together with Crested Butte, Colorado, and voted to abandon the word "extreme" and replace it in their lexicon with "free".

They founded, in the process, the first freeride world body. They felt that the term "extreme," derived from first descents of exposed peaks steeper than 60 degrees, had become overused and inappropriate. The new philosophy, articulated and expressed by cult hero and World Extreme champion Shane McConkey, is to "ride" the entire mountain

at speed while carving deep,  
precise arcs.

The skier expresses his personality and freedom by skiing everywhere - not just on a race course or in a couloir. All right for the experts and crazies, but what has this to do with the recreational skier? The most important aspect of the freeride revolution is that for the first time in skiing, both the technique - in this case freeride - and the tools are made for the masses.

For decades recreational skiers have been forced to use shapes which were detuned versions of racing skis. These skis were longer, stiffer and harder to turn than freeride models. Ski schools taught techniques derived from racing, difficult and inappropriate for the holiday skier. Everyone suffered.

The surge to snowboarding was in part fuelled by how easy it was to learn, compared to "old-fashioned" skiing. But now skiing has usurped that ease of technique by literally cutting away parts of the ski to make new shapes which enable easier turning.

Ski school lessons should become shorter, as are skis. Someone who skied on Jaxon (80in) racing skis can

now move down to a more comfortable 183cm (72in) to 187cm (73½in) length. Kevlar, carbon and titanium are the new materials turned into new shapes which allow even intermediates to ski at speed with security.

They also allow ordinary skiers to carve turns, instead of sliding them. Previously you needed the thigh muscles of a Schwarzenegger or the technical expertise of a Tomba to carve a turn properly. Very fat skis, such as

the Atomic Powder Plus, used almost exclusively for deep snow helicopter skiing, appeared some eight years ago. Then came the carving ski, about four years ago. The carving ski was cut away underfoot, introducing a very thin "waist" to the more traditional straight profile of a racing ski.

Freeride skis are a marriage of fat and carving designs. The tip of a freeride ski is very broad, as are the tails. But the underfoot

waist section is very narrow. What this means for the ordinary skier is that instead of having to use considerable force and balance to bend the ski into an arc, to carve a turn, now all he or she has to do is tilt the ski on its

The turn is built into the ski. Racers ski only on ice-hardened chemically prepared pistes; recreational skiers ski all over the mountain. With the off-piste skiing fad of the past decade

holiday skiers are encountering all sorts of difficult snow conditions, not least old, chopped-up powder snow known as "crud". Freeriders thrive on crud. The blast through it, giving the recreational skier a feeling


On ordinary skis, one normally bounced around and fighting for dear life in the crud. As proof that freeride is not for experts only, Dion Taylor, equipment director of ski specialist

tain. Freeriders concede nothing to snowboarders. In fact, some snowboarders are already making the crossover to skiing. The transition is eased by the similarity of freeride and snowboarding styles. Put side by side, two freeride skis have almost the same surface area as a snowboard. They also "float" like a snowboard in powder.

Freeriders claim they can do anything snowboarders can, and better. Snowboarders used to be able to jump higher and land without falling. But now the wider skis allow freeriders to jump just as much "big air" as shredders, as snowboarders are called.

Where the snowboard mantra was cool, freeriders have adopted the term "sick" as their ultimate accolade. "Really sick air" is a jump which wins admiration. Like snowboarding, freeride is an inclusive movement, devoid of the snobbery one finds among more traditional skiers, especially the off-piste elite who trade tales of couloir one-upmanship. Although freeride does reverse its cult heroes, the point of the new approach is that it makes skiing everywhere easier for everyone, and more fun.

Freeride is coming this winter to a resort near you. The top freeride resorts in North America are Whistler, Jackson Hole and Squaw Valley. In the Alps, the top choices are Chamonix and Verbier, with freeriders also hanging out in the cult centres of La Grave, France, and Alagna in Italy.



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TRAVEL

City Break

# Airs and some provincial graces

Antony Thorncroft finds the charms of an unspoilt Besançon are a very heady experience

In a corner of Besançon, just down from the great triumphal arch erected by Marcus Aurelius at the end of the 3rd century AD, two 18th century houses face each other. They both sport plaques, one commemorating the birthplace of Victor Hugo, creator of *Les Misérables*, the great 19th century novel; the other that of the Lumière brothers, inventors of the great 20th century art form, the cinema.

Coming across them in Besançon seems appropriate, for this is a French city more experienced in exporting famous men than in receiving visitors. The capital of Franche Comté, huddled around the Doubs river and surrounded by the foothills of the Jura mountains, is virtually unknown to tourists, which adds immeasurably to its charm.

A long weekend foot-stepping celebrities can be a heady experience. Hugo, the Lumière, and the revolutionary Prudhomme, another son of the city, get fairly short shrift, but just out of town are museums devoted to two more local heroes, who were just as revolutionary in their way. Pasteur, the great biochemist, and Courbet, who, by painting people of the day, and of the soil, transformed 19th century art.

The Pasteur museum is at Arbois, a few miles to the west of Besançon. Here, in a simple family house by the river, he spent his summers; here he conducted the experiments which demolished the theory of spontaneous generation.

The house descended through the family and is unchanged from Pasteur's day, even down to the basin and the bath, unprecedented for the 1870s, that he installed. As the great foe of bacteria Pasteur never shook hands and had a cleanliness fetish. His laboratory, advanced for his day but now quaint in the extreme, still contains jars with chemicals mixed by Pasteur.

His career as a chemist began with work for the local wine makers: Arbois is the centre for the wines of the Jura, very distinctive, cultishly rare, and ready for tasting at the wine museum in the Château Pécoul in the centre of town.

Just to the east of Besançon, on the way to nearby Lausanne, and Switzerland, is Ornans, the home town of Courbet. His birthplace is his museum, hard by the swiftly flowing Loue River, but his studio was the surrounding countryside where the wild ravines and limestone crags of his art come to life.

As you rise up the valley you come to the source of the Loue, the river cascading out of a vast cavern in the hills, landscape painting in



Arbois near Besançon: here, in a simple family house, Pasteur spent his summers and conducted his experiments

as one of the greatest of architects, the inspiration of Le Corbusier and every architect who believes that through buildings you can improve the moral condition of humanity.

**The feeling of independence was well demonstrated by the resistance**

The master's house, with its chapel, tells the history of salt production, but of wider appeal is the museum devoted to Ledoux, with 60 models created from his designs for the perfect city, conceived when a prisoner of the Revolution. Evoking a

totalitarian utopia, they are beautiful, creepy and ultra-modern.

Franché Comté remained independent of France, an autonomous province of the Spanish throne, until the late 17th century. It still has an un-French feel; central European dishes such as pork and cabbage feature on its menus, along with river fish, game and many local cheeses; its people are smallish, reserved, rural. Its feeling of remoteness, of independence, was well demonstrated during the second world war when it mounted one of the biggest resistance movements to the Germans.

The fate of its patriots is given harrowing prominence in the museum of the Resistance and deportation, one of the many museums in Vauban's vast citadel, constructed on the hills above

Besançon after the fall of the town to France, and one of the most forbidding fortresses in Europe. Now it is devoted to collections of local history, and the age of Vauban, as well as an extensive range of rooms given over to images of the second world war.

What makes the experience even more unsettling is the knowledge that the citadel contained thousands of prisoners during the war and was the site of executions. After the heart-wringing displays distraction is needed, and is instantly provided by such adjacent attractions such as an insectarium, a nectarium, and an unlikely zoo, containing two large, healthy-looking tigers, unexpected prowlers on the edge of the mountains.

All this and Besançon, too. The old town, in a loop of

the river, is mainly 18th century, or earlier, and contains many grand buildings erected by the French to demonstrate their power.

Along the river is a row of quaint arcaded merchants'

**Besançon is happy with its affairs, a copybook provincial capital**

houses and nearby is one of the best provincial art galleries in France. Besançon is happy with its own affairs, a copybook provincial capital with the airs of an important place and just enough grace.

star hotel, the Castan, a converted mansion overlooking a partly excavated Roman site, with plenty of recovered columns to prove its ancient significance. The Castan has a handful of grand rooms, each evoking a different decorative style - Pompeii, for example, contains a vast Jacuzzi in a bathroom, with a television, located down a staircase beneath the canopied bedroom.

Besançon is far from any major airport, but these days is comfortably accessible by train. For travellers from the UK it is just two hours from Watcloo to Lille by Eurostar; then another 3½ by TGV to Besançon. (Call 0890-848 848 for details.)

Maison de La France in London has details on the Franche-Comté region (tel: 0891-344 133) and Besançon tourist office can be contacted on +33 81 80 92 35.

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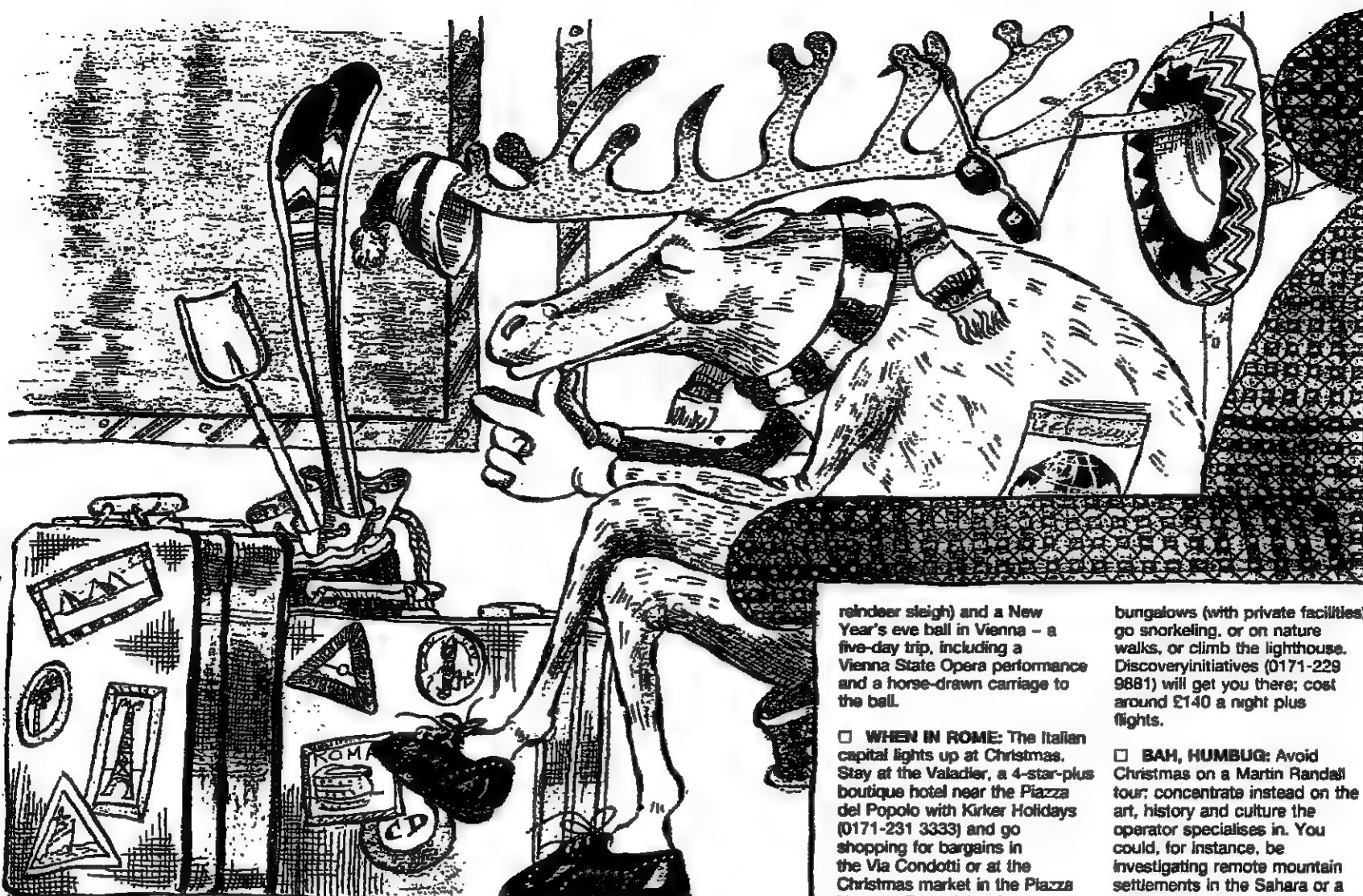








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■ **PARK AND HYDE:** Be in pole position for the new year sales by booking a room at the Mandarin Oriental Hyde Park in Knightsbridge, which has views of Harrods and Harvey Nichols, or if you'd prefer, Hyde Park. A deluxe room on December 31, two tickets for the hotel's Rotten Row Ball, full English breakfast and a gift costs £550 plus VAT, suites £850. There are Christmas celebrations, too. For details call, 0171-235 2000, fax 201 3714.

■ **KILTS AND KIRKS:** For those who think the new year is not complete without the sight of a Scotsman's sporran, then send for the Scottish Tourist Board's festive and winter breaks brochure. Lots of lovely, privately owned and run hotels in splendid surroundings. Call 0131-332 2433.

■ **SANTA FLY:** Take a Father Christmas flight over the Kent and Sussex countryside from Lydd airport, in Kent, from December 12; 15 minutes in the air, followed by a three-course Christmas lunch and cocktail. Prices: £34.90 in the week, £39.90 at the weekend (includes presents for young passengers). Details from 01797-320000.

■ **CHAIN REACTION:** Reasonably priced Christmas and new year packages which do not fall into the superlux class but which do appear to offer good value for money are run by groups including: Swallow Hotels (0191-419 4666); Thistle Hotels, (0345-585 707); Virgin (0800-716 919) and Marriott UK (0800-2212222).

■ **FINALLY,** if you are searching for that elusive present for someone special, call inspirations on 01603-700770. It can organise a day driving a tank, a tour of a Newmarket stable, or anything from parachuting to portrait painting. And it has a gift voucher scheme.

Messiah on December 21. Bon Voyage (0800-316 0194) can arrange a 14-night, fly-drive package in the region: staying at the Von Trapp lodge costs from £220 a night, but there is plenty of cheaper accommodation around.

■ **LIGHT WORK:** Singapore's Orchard Road shopping district is transformed every November and December, when hotels, shopping centres and office buildings cover themselves in lights to compete for the title of Best Decorated Building. The theme this year is Toytown. The Malay quarter of Geylang Serai lights up, too, after Ramadan. (Christmas follows suit in February, for the Chinese new year.) Want to light up your life? Call the Singapore Tourism Board on 0171-437 0033.

■ **PACK OF PAMPERERS:** Wish for something special and Santa may whisk you away to the Oberoi Lombok, a luxury hotel on an Indonesian island: 18 of the 50 rooms have private walled gardens, pools, marble bathrooms and four-poster beds. Facilities include health spa, tennis courts and scuba diving. If Santa doesn't come through, try Steppes East on +44 01285-810267; a week costs from £1,220.

■ **SANDY CLAWS:** December temperatures in Dubai, the "Pearl of the Gulf", are in the high 70s Fahrenheit; and white sand takes the place of snow. So you could spend Christmas on the beach, or the golf course, or trying the watersports - or the famous duty-free shopping. Go with Somak (+44 0161-429 3000); five nights start at £499.

■ **EASTERN PROMISE:** Christmas in the Middle East is almost like being on location. Take an eight-day trip to Jordan with Jasmin Tours (+44 0181-675 8886) and you'll visit the magnificent Roman remains of Jerash, the Crusader castle at Kerak, the scenery of Wadi Rum, and of course Petra, the city carved out of red sandstone cliffs.

■ **HIGH LIVING:** Still time to book a supersonic party 10 miles up on Christmas day: Goodwood (01227-783336) will put you on Concord for 100 minutes, and £885. Smoked salmon, turkey and champagne before takeoff, mince pies as you break the sound barrier. Other Concord trips on offer include pre-Christmas trips to Lapland (Arctic Circle Crossing ceremony on arrival, and you get to drive a

reindeer sleigh) and a New Year's eve ball in Vienna - a five-day trip, including a Vienna State Opera performance and a horse-drawn carriage to the ball.

■ **WHEN IN ROME:** The Italian capital lights up at Christmas. Stay at the Valadier, a 4-star-plus boutique hotel near the Piazza del Popolo with Kirker Holidays (0171-231 3333) and go shopping for bargains in the Via Condotti or at the Christmas market in the Piazza Navona. Four nights from December 24 cost £595, including breakfast, scheduled flights, and dinner with wine on December 25 or 26.

■ **OF COURSE:** Play a round at Christmas with a break at the 4-star Dale Hill Hotel and Golf Club in East Sussex. Champagne reception and dinner on Christmas eve (and again on Boxing day), pool, sauna and gym to work off any dietary excess - and all the golf you can handle, on two 18-hole championship courses. Three nights for £285; call 01580-200112.

■ **ISLE BE THERE:** Off the coast of Tanzania, south of Zanzibar, lies the coral garden island of Chumbe. Twelve guests at a time can stay there, investigating the 200 species of coral and 370 of fish, turtles and dolphins. Stay in local-style

bungalows (with private facilities), go snorkelling, or on nature walks, or climb the lighthouse. Discover initiatives (0171-229 9881) will get you there; cost around £140 a night plus flights.

■ **BAH, HUMBUG:** Avoid Christmas on a Martin Randall tour: concentrate instead on the art, history and culture the operator specialises in. You could, for instance, be investigating remote mountain settlements in the Sahara or a baroque villa in Prague, or touring Krakow. For incorrigible sentimentalists, proper Christmas lunch or dinner, or Christmas Mass, will probably be within reach. Details: +44 0181-742 3355.

■ **HOHOHOLAND:** Santa takes a rest north of Stockholm after Christmas (the Swedes allege, though he's also been spotted in the Caribbean with Prancer and Vixen). You can visit him for the new year by catching the Santa Express train from the Swedish capital to Gesunda Mountain; you'll meet him, along with elves and trolls and the Snow Queen; you can try Christmas food and visit his workshop. Parents meanwhile can drink mulled wine and go skating. The trip is available on a three-night break with Travelscene (0181-427 4445), from £529 for adults, £269 for kids.

## It's aces high for Poker Jane on the Spanish Main

Culture and sightseeing are one thing. But on a gambling cruise it's the cards that count, says David Spanier

Poker Jane was the star of the cruise. Her enthusiasm for cards outshone everything else - the ocean blue, the tropical islands, the kaleidoscope of marine life revealed under the waves via our masks and snorkels.

Only one thing counted for Poker Jane - a hand of five cards, or as she would say in her western twang, "a hyand of five cyards..." One especially memorable trip on shore was to Grenada, where we clambered down a narrow mud path through the rainforest to admire a waterfall. It was a steady, spectacular cascade, hurtling down between enormous trees through a mass of foliage and wild orchids into an emerald pool, enclosed like a green secret in the primeval forest.

"Don't you pay no mind to the bon constructor," said the guide. "When he sees ya, he will jes' gli-i-de away." In awe at the power of nature, we hauled slowly up the path again and got back to the road, breathless, where Poker Jane rushed up to me.

"How did you like..." I started.

"Lissen! I had two queens in the hole, last to speak. Lon raised under the gun. Next card another queen!"

"Right."

"He cya'n't have me beat, can be, whatever happens."

Jane's husband, standing beside her, gave an appreciative chuckle at his spouse's talent at poker.

I gestured to the rainforest around us. "Are you going to see the rest of the island?" I inquired.

"Gotta get back for the card room, game starts at one o'clock."

Later, as I reclined on the deck of our cruise ship, iced daiquiri in hand, gazing out at the baby blue ocean, my dealer observed: "It doesn't get any better than this."

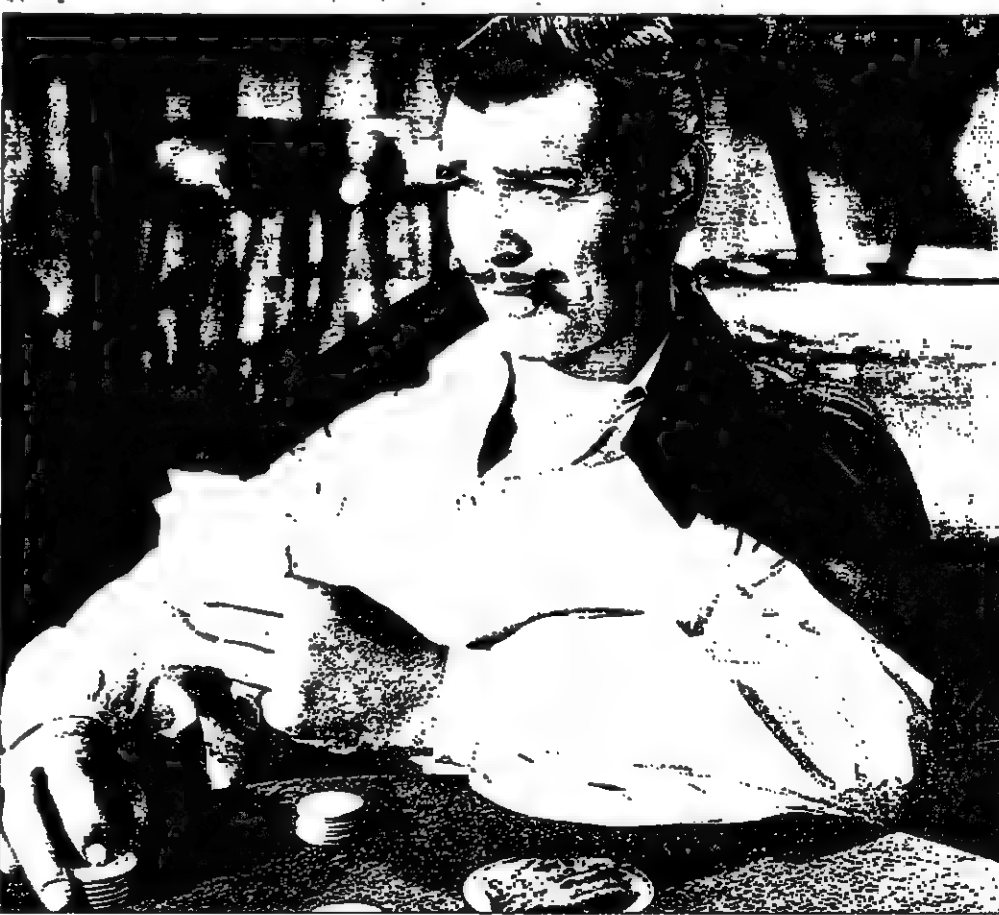
This was just off Grand Cayman Island in the western Caribbean. As I recalled the ace king flush he had just dealt me against a stop straight (bless her), I had to agree. Cruising and playing takes a lot of beating.

The idea of a poker cruise, you will gather, is to hit the right

cards at the right time. The tourism, of course, is very agreeable. A visit to a native village or two, snorkelling along the coral reef, climbing a promontory to admire the view: or if you prefer culture to sightseeing, a tour of Hemingway's home in Key West a visit to the old synagogue in the Dutch Antilles, the local market in Nassau - all well worth seeing.

But, to be strictly honest, this is not the point. Such excursions are to persuade the non-card playing members of the cruise - spouses, partners, friends - that they, too, are having a good time and are not just there (of course not) to fill in the gaps between games.

The poker, as befits a light-hearted shipboard atmosphere, is not too serious. Low-level games, American style, where the raises are fixed at, say, \$3 and \$6, or \$10 and \$20, is the style of it, rather than the high stakes games that you see in the cinema. Everyone has signed on for the trip because they like to play, which doesn't mean to say you cannot win, or lose, several hundred dollars in



Frankly my dear, it's the cards that count: no prizes for guessing the gambling man - or the MGM film. The hotel collection

the course of a week's cruise around the Caribbean.

The poker goes on only when the ship is at sea. When in port, for visits ashore, the gambling comes to a stop. The cruise ships which ply the Caribbean are luxurious - huge meals and buffets, sports decks and exercise gyms, swimming pools and shipboard

entertainments, including a small casino, keep everyone busy. It is like staying in a modern hotel. High-speed elevators whisk the guests up and down between a dozen decks. There is not much sensation of being at sea, after the initial lifeboat drill, unless you raise your eyes from card table to the porthole.

At the same time, a cruise is a very sociable activity. Everyone meets at dinner, which twice in the week was formal, that is to say black tie. As a cruise passenger, you can expect to dine with the same eight or 10 people whom you have never met before, every night for a week. For British guests, meeting

Americans, who tend to be lively and gregarious - I had the company of three Texan couples at my table - is part of the fun. Several Britons were on board. I hope the feeling of hands across the sea was mutual. As on a skiing holiday, everyone has a subject in common to talk about.

On my last night, Poker Jane got lucky. She was sitting at the card table, with a mountain of chips in front of her. "Just hit aces," she told me triumphantly. "Twice in a row."

"Why don't you cash in and go to bed a winner?" I advised. "It's the last game of the last night."

"Wha-a!" cried Jane. "Quit when I'm hot? You gotta be outta your mind."

In my experience, poker cruises, which are run by two companies out of Las Vegas, are very good value. I paid about \$1,200 for a week, sharing a cabin, with absolutely everything paid for except drinks and a tip to my cabin steward. Cruises usually start from Fort Lauderdale, Florida, or San Diego, California. Interesting and entertaining resorts.

But beware! Just in case you are not lucky enough to hit aces, as Poker Jane managed to do, better keep a few dollars in reserve. When the liner finally sails back into its home port, you may need to bail a tax to the nearest bank.

■ **Classic Poker Cruises.** 1455 East Tropicana Avenue, suite 300, Las Vegas, Nevada 89119. Fax +1 702 740 2257. March 6-13 1999, to Tahiti by air from Los Angeles; October 16-23, Acapulco, round trip from San Diego.

■ **Card Player Cruises.** 3140 South Pularis Avenue, suite 8, Las Vegas, Nevada 89102. Fax +1 702 371 2672.

Imagine a landscape by the painter Claude, a night sky with a sickle moon casting a shaft of light down on to a tranquil sea; on the shore a turreted Gothic castle is flanked by a low, baroque villa, both their terraces falling sheer on to the coastal rocks. The castle loveliest small hotels. The castle next door, with a keener eye you make out the formal garden, and the silhouette of the maritime pines emerging from the forest behind.

You don't actually need Claude: the scene exists. The baroque building is La Posta Vecchia near Rome, one of Europe's loveliest small hotels. The castle next door, with a keener eye you make out the formal garden, and the silhouette of the maritime pines emerging from the forest behind.

Down the black sand and shingles to the south, the romance is dispelled a little by the lockstone resorts of Palo and Ladispoli, which seem to draw their public

exclusively from Rome's taxi-ranks. La Posta Vecchia, however, literally rises above all that. And at night the local holiday makers vanish from view. All you see are the twinkling lights of the Lido di Faro jutting out to sea beyond the airport.

La Posta Vecchia is now fulfilling its original vocation. It was built by the prince Odescalchi as a guesthouse for visitors to the castle next door. Later it served as a posthouse for travellers on as a way to and from Rome. Its origins are far older, however.

When John Paul Getty pur-

chased the building in 1965, he called in the archaeologists. They unearthed the substantial remains of a Roman villa. These have now been turned into a museum housed in the hotel basement, complete with marbles, mosaics, pots, inscriptions and amphorae.

Getty filled his house with antiques. Many are still there, such as the marvellous tripod table made up of lions' heads and claws, or Mary de Medici's dowry chest upstairs. The rooms on the first floor are strewn with beautiful objects d'art: a Gothic prie Dieu

in Getty's own bedroom: a princely 17th century Colonna bed in one of the suites; renaissance panels in the many public rooms. New suites have been installed under the caves. These are simple, but not devoid of charm.

Indeed, everything has been done to enhance a building which had been derelict for a century before Getty bought it. Under the previously open arcades at the northern and southern ends of the house, a dining room and swimming pool have been put in. In the gardens, the foundations

of the Roman villa have been exposed, and there is what appears to be an ancient ice house.

Businessman Roberto Scio acquired the building from the Getty Trust in 1975 and nine years ago he opened it as a hotel. It is now managed by his son, Harry. The owners would like you to believe the Roman villa was once the property of the emperor Tiberius, whose taste for lewd fun and games is well known. But Tiberian Capri was far from my thoughts: with its faultless service, La Posta Vec-

chia would be infinitely more suitable for an anniversary treat.

The cooking is of the fresh and simple school which presumably pleases an overwhelmingly Transatlantic clientele. Aristocratic norms have ceded their place to refined rusticity, with seemingly endless permutations on a tomato, olive, courgette and aubergine theme. I had a superb dish of spaghetti dressed with clams and a few shavings from a Norcia truffle, moistened by a bottle of frascati from Castel de Paolis. The wine was an eye-opener: I had never known

frascati even half this good. In the evening, my meal was less successful. Fazzolotti - sheets of fresh pasta - came with those "Mediterranean" vegetables and too little marjoram. It was nice and fresh and light, but nothing to write home about. The same vegetables with olives appeared on top of my sea bream. Again nothing special. Some sea bass appeared a little dry, and had to be revived with oil. We drank green di tufo from an otherwise almost entirely central and northern Italian list.

But there were considerable compensations: after dinner I sat out on a terrace lit by flickering oil lamps cooled by a gentle coastal breeze. I nursed a tot of grappa and while I watched the moon over the water, my thoughts turned to Claude.

■ **La Posta Vecchia.** tel: +39 6 994 8501. Or Relais et Chateau 0800-960 239. Seventeen rooms from £240 to £811 for the Getty

## Baby Grand Claude, I am thinking of you

Giles MacDonogh, grappa in hand, is beguiled under the moonlight



## GARDENING BOOKS

We owe much to good garden writing. We would not be flocking to Sissinghurst today if Vita Sackville-West had not written so honestly and amusingly about her gardening trials and tribulations. It is unlikely we would have heard of East Lambrook Manor in Somerset if the late Margery Fish, a former Fleet Street journalist, had not written about her garden. Thirty years ago her advice to gardeners was "to strive for a natural effect and aim at producing in the garden what nature does outside, but with cultivated plants", which is as relevant now as it was then.

Neither writer was interested in textbook gardening but each made sure her garden, like her writing, was to be enjoyed. Most British garden writers have been influenced in some way by the prolific writings of Gertrude Jekyll and William Robinson, but by the 1980s a new breed had emerged. Designer Russell Page took garden writing a stage forward with *The Education of a Gardener*, published in 1962. Trained as a painter, Page

# Philosophy, anecdote, enjoyment

There is more to garden writing than how to prune a plum tree, says Rosie Atkins

designed gardens around the world, drawing on local traditions and the surrounding environment. There can hardly be a garden designer who has not found this book an inspiration, but unlike Sackville-West and Fish, his own garden was a small London backyard.

Today the most authoritative gardening writers tend to be plantmen, such as the venerable Graham Stuart Thomas, rather than garden designers. The inimitable Christopher Lloyd's opinions are as thought-provoking as the FT's own Robin Lane Fox, and both have dedicated followings. I've heard garden owners talk as if they were about to receive royalty when expecting a visit from either of these gurus.

However, designers may be making a comeback. *The Essential Garden Book* (Conran Octopus, £30) by Dan Pearson and

Terence Conran went to the top of the horticultural bestseller list earlier this year and John Brookes' *The New Garden* (Dorling Kindersley, £16.99) is a good example of the genre.

I first joined the ranks of the gardening press in the early 1980s - not easy when regular columnists never considered retirement. I was grateful for the generosity and encouragement of the late Arthur Hellyer, who was still writing for the FT when he was 90, and I remember the legendary Xenia Field, who died in January aged 103, having written for the Daily Mirror for nearly 40 years. She claimed her gardening advice column boosted the paper's circulation to an astonishing 5m in the 1960s.

As a gardener I had been greatly influenced by reading Penelope Hobhouse, Rosemary Verey and Beth Chatto and Anne Scott-James. As a journalist, I

have also been eternally grateful to the late Chris Philip, who conceived the gardeners' bible, *The Plant Finder*, now selling 40,000 copies a year. How did gardeners and those who write about them ever manage without it?

**Publishers are always seeking out writers who will point the way forward**

Yet not all gardening books are so useful. Indeed, I often wonder how so many badly produced books got published. This year I have seen at least half a dozen guides to *feng shui* in the garden, warning us against very

obvious pitfalls, such as planting a tree directly outside the front door.

It is also fascinating to compare books published in Britain with those from North America, where they seem happy to accept gardening books without pictures.

Michael Pollan's wonderful book *Second Nature* is an immensely readable first-hand account of his gardening adventures in Connecticut, which promotes the idea of the garden, rather than the wild, as the place for rethinking our relationship with nature. Pollan admits to having been influenced by Henry Thoreau, who was writing about living in a cabin in the woods in Massachusetts at much the same time as Gertrude Jekyll was writing about creating gardens in the home counties.

The British can write exceptional non-illustrated gardening

books, too, and one day I am sure Mirabel Osler's volumes will become classics. She prefers philosophy and anecdote to bombarding the reader with photographs of aspirational gardens.

Her first book, *A Gentle Plea For Chaos*, and her most recent, *A Breath From Elsewhere*, stand out as rare gems of social observation. Osler is just as impressed by an old piano in the garden with a hidden tape recorder inside playing Winifred Atwell as a bed full of the most luxuriant herbaceous plants.

Although books stand the test of time, often it is the newspaper articles and gardening magazines that are quickest to spot a trend. As editor of *Gardens Illustrated*, I have always believed gardeners want to see a garden well-photographed and well-captioned, so readers can decide whether they like it and why.

They also want to read about a garden in a way that gives pleasure and provides valuable factual information.

Literature and gardening are inextricably linked, whatever the moment in time. Editors, publishers, historians, designers and gardeners are always seeking out writers who will point the way forward, both in creating our own private gardens and invigorating our public spaces.

I am delighted that garden writing is no longer just concerned with what to plant where and when to prune your plum trees. The 300-strong Garden Writers' Guild is dedicated to improving standards in writing, giving awards for the best gardening journalism throughout the media.

Much as it is good to applaud excellence, it is worth remembering the gardening press will always depend on the goodwill and generosity of the people who create the gardens and maintain them. Thankfully, gardeners have always had a great capacity to share their horticultural fantasies with a wider public.

## 'Red spells passion, power and pizzazz'

Martin Wood uncovers his likes and dislikes from this year's crop of releases

### COLOUR BY DESIGN

Planting the contemporary garden

By Nori and Sandra Pope, photographs by Clive Nichols  
Conran Octopus, £25, 180 pages

In 1990, surveying with baleful eye my first attempts at creating a garden, a noted plantsman declared: "I really don't think you should plant anything else until you have seen what the Pops are doing at Haddspen."

In moving to Haddspen in Somerset from Canada in 1987, the Pops brought adventure and style to what is often a prosaic English gardening scene. Within three years their double yellow border had marked their distinctive approach to planting. They have gone on to apply their ideas using different colours around the walled garden.

This book is a cracker. Clive Nichols confirms his reputation as one of the world's leading garden photographers. The design of the book also deserves mention. Vanessa Courtier has laid out the photographs and text in a way that helps one to inform the other and has made an exceptionally attractive volume.

It is a good read: "Red spells passion, power and pizzazz." "Please note that very often white flowers die badly." "The goal of the perfect lawn was not worth the quest - it is time to abandon it." "At the beginning of their gardening lives, people worry too much about making mistakes; in time they come to realise that the mistakes are all part of the learning process."

The plant directory can be excused on the grounds that it is a description of the plants which make up the dramatic personae of the text rather than a random selection, but it does not add to the book. If it encourages imitation, that will be at the expense of inspiration which is the real message of the text.

One of the most immediate effects of using plants within a narrow range of colour is to emphasise the importance of differences in scale and texture between plants. It was at Haddspen that I learnt not to be afraid of introducing really big plants in a way which allows smaller species to thrive beside them. In the same way, by focusing on their central theme of colour the Pops shed more light on the secrets of using scale and texture than might have been achieved by trying to deal with these subjects separately.

Sadly, no book can provide one with colour sense. Either one has it or not. For those of us who do not we will always have to rely on our friends. What this book can do is help us all towards a better understanding of the effect of colour.

Taking colours in turn, the Pops set out the characteristics of each and then the use they have made of it in their garden at Haddspen. They mount a spirited defence of orange which suggests a real enthusiasm for it; well, every colour ought to have its defenders. Tantalisingly, they avoid "black", the most fascinating "colour" of all.

This book will attract a far wider readership than gardeners and plantmen alone. It offers an account of the place of colour in design which will delight anyone with creative flair. It is not just my gardening book of the year - it is my book of the year.

### CLASSIC PLANTING

By George Plumtre, photographs by Tony Lord  
Word Books, £25, 160 pages

George Plumtre is one of our best gardening writers with good



Christopher Lloyd's vibrant plant associations at Great Dixter, from 'Classic Planting'

books to his credit. But this is not the best of them. True, he, Tony Lord and the other contributing photographers have been let down by a dull layout and indifferent photographic reproduction.

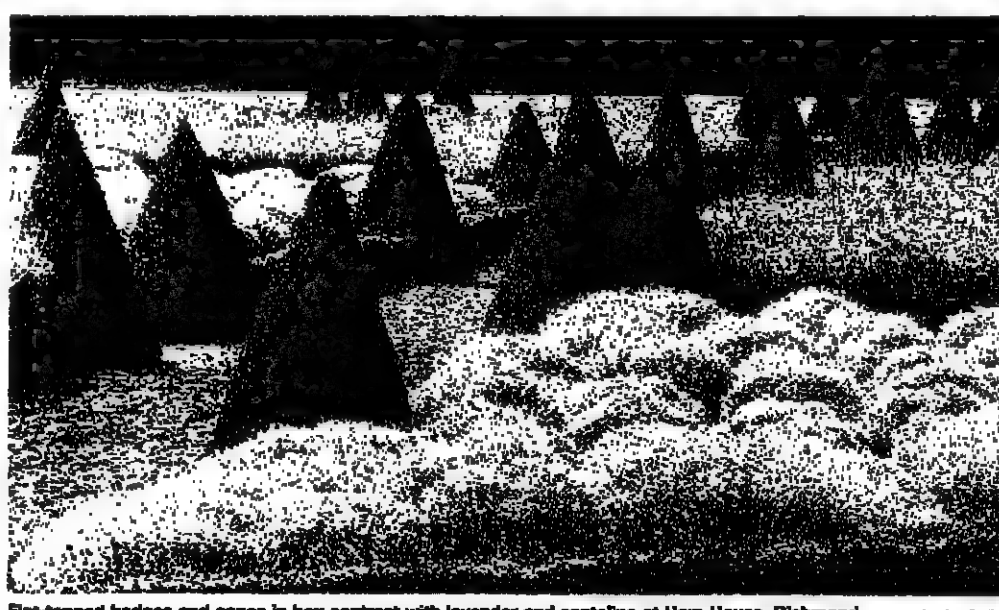
It is not an eye-catcher; but what of the substance? The book promises "to take the reader into the gardens of expert gardeners to see how they achieve the stunning effects that make their gardens famous". George Plumtre recites the words and works of a litany of gardeners, most of whom have written prodigiously about their own gardening, and adds his own descriptions.

The book does not set out to be a critique of late 20th century garden planting so one cannot complain that it has a fairly narrow focus and does not stray far beyond what might be described as the gentleman's country garden.

What I did not find was some insight into the real differences in the approach of those whose work is featured: *Classic Planting* conveys a degree of consensus which seems unlikely when one considers the distinctive style of some of their gardens. At the very least, photographs of the owners, perhaps with their gardening partners and helpers, and wider shots of their gardens might have shed a little more light on the context in which they have done their planting. A word or two about their individual prejudices would have lightened, and strengthened, the text.

Beth Chatto is quoted as saying: "The way you group plants together is the whole essence of gardening." When put that way, gardening sounds easy but most of us have to work hard to have ideas of our own and often end up borrowing them.

Seen as a catalogue of plant associations the book does succeed. I am off at once to find some Cyclamen Coum and snowdrops to bolster the slowly spreading patch of aconites under my walnut tree. I shall look again at whether I can find a place for *Choisya Ternata*. For those and other thoughts, thank you, Mr Plumtre.



Flat-topped hedges and cones in box contrast with lavender and santolina at Ham House, Richmond

### KNOT GARDENS AND PARTERRES

By Robin Whalley and Anne Jennings  
Barn Elms, in association with the Museum of Garden History, £25, 160 pages

The achievement of this book is to lift the subject out of the narrow confines of Renaissance history and put it into a broader historical and horticultural context. In the first part, Robin Whalley traces the history of the knot from the designs of Sumerian seals of the third millennium BC through early Christian art to the introduction of the knot garden in the 16th century.

He then moves on to give a concise but absorbing account of the fortunes of knot gardens and their successors, parterres, from 1485 to the 1836 design by Geoffrey Jellicoe for Ronald and Nancy Tree at Ditchley Park.

In the second part, Anne Jennings, the garden curator of the Tridescant Trust and the Museum of Garden History in Lambeth, south London, writes of how to make a knot or parterre today, with an especially useful chapter on the designing

of intricate patterns. The text of both sections is filled out with good illustrations of restored and new planting.

This is a subject which has been overlaid with much erudition. In her forward, the Marchioness of Salisbury reminds us of how a great heritage of Renaissance gardens was swept away by the landscape movement in pursuit of a return to nature.

In 1978, Sir Roy Strong in his masterly *The Renaissance Garden in England* was driven to write: "Where, in fact, can we go and see these gardens today?" The answer unfortunately is nowhere. It is not surprising, therefore, that for many years the study of knots and parterres was largely confined to the historian, and people such as Lady Salisbury who sought to revive gardens appropriate to the houses in which they lived.

Given that most gardens thrive on revision and replanting, perhaps the greatest loss has not been of the Renaissance gardens themselves but of the skills needed to design and maintain knots and parterres in later generations.

This book marks a revival of interest in those skills. Knots and parterres with their patterns,

containment and symbolism offer a broad canvas for contemporary expression. As the authors quote from Stephen Blake's *Complete Garden Practice* of 1664: "Those that may be invented by yourself... may please your fancy better than mine."

Sir Roy would now be able to record some significant examples of garden restoration and perhaps warn to contemporary use of symmetry in garden design.

For those whose interest is fired by this book, The European Boxwood and Topiary Society (UK membership secretary, Shannon Cramer, 0171-731 5099) provides information and encouragement.

### PLANTED

By Andy Sturgeon, photographs by Lorry Eason and Michael Wildsmith  
Hodder & Stoughton, £20, 208 pages

Andy Sturgeon has all the enthusiasm and prejudice of youth on his side. In *Planted*, he offers an unashamedly urban view of gardening. The presentation of the book promises a great effusion of ideas, but for all the bluster I

think it is thin on content. His populist refusal to use the botanical names of plants has all the usefulness of chancellor Gordon Brown turning up at the Mansion House Dinner in a lounge suit.

The cover proclaims him as a man who calls a poppy a poppy, which one does have in mind, and what of those poppies that are not poppies? Garden centres which are, to my surprise, strongly promoted by the book do not tend to offer plants ranked by their common names.

Reading this book gave me the hollow feeling I get from New Politicians. They do not seem to respect the poor; they will learn. I am not convinced from his book that Sturgeon yet respects plants; he will. I can understand why he rages furiously against some, but I am not sure that I understand why he likes some of the others. I leave you to judge.

Of all the glorious company of salvia none rates his approval under the topic of herbs and only one, the relaxed *Salvia argentea* (no common name offered) has a passing mention as a decorative plant; and then as being similar to a mullein. Well, well.

The book contains entrancing photographs, the point of which is often lost. Is the patient grey gelding a reminder of the value of the poor creature as blood and bone, an example of the best means of disposing of an unwanted garden, or evidence of the depressive consequences of losing equestrian manhood? What is the child doing in the compost bag? Why the copulating damselflies?

The picture editor has fallen into the trap of setting aside the context in favour of finding an effect. I wonder what the girl eating the apple across pages 150-151 really looks like, as you may wonder about many of the plants seen in equally short focus. And yet I enjoyed the book, if only because it forced me to ask these questions.

I hope we shall hear more from Sturgeon and I suspect we shall hear better. May he seek to blow away a few more cobwebs in his time.

### COLLINS COMPLETE GARDEN MANUAL

Consultant: Adam Pascoe with David Stevens, Anne Swithbank, Sue Phillips and Andi Cleverly  
HarperCollins, £24.99, 335 pages

Of course, if you really want to find a book which takes the mystery out of gardening, turn to a good gardening manual.

For many, gardening is an exercise in fixing breakdowns in what they would wish to be the natural order. Their gardens are worlds in which friendly plants are assassinated either by their neighbours (read that as you will) or by disease or insects - worlds in which the restless year unravels the work of the most diligent plantsman. As weekends loom, they reach not for inspiration but some quick fix to see them through to the next season, and out of the house.

*Collins Complete Garden Manual* takes its place on shelves which already groan under the weight of practical guides. Many of these are good. The one you are probably that which best deals with the gardening topics in which you are most interested. If when you search through the available titles you do not have a particular preference, you will not be disappointed by this one.

It does undermine confidence when publishers claim a book to be "complete" and the "only garden book you'll ever need" when the text makes no such claim.

This book is made up of five contributions from a strong team of writers, each dealing briefly with a particular subject: Garden Planning and Design, Best Plants for Every Site, Gardening Practice, the Kitchen Garden and the Gardeners' Calendar. The strength of each section lies as much as anything in the restraint shown by the authors in not trying to cover everything.

Adam Pascoe has marshalled as helpful a general guide as you will find. One subject which might have attracted some mention from the contributors is the value of a knot or a parterre (see above). The book focuses on smaller, contained and generally rectangular gardens, which most people have, and to which both are especially suited. The closest we are taken to the possibilities they offer is the photograph introducing David Stevens' well-written section on Garden Planning and Design which shows the powerful effect of dwarf hedging and topiary in a small garden.

It would be helpful if manuals of this kind identified the gardens where photographs of the grouping of plants had been taken. For the avid gardener, the location of the photographed garden will usually tell them in an instant whether the effect they see in a book is achievable on their own patch.

For me, the best contribution is from Anne Swithbank who puts her approach in context with these words: "With thousands of cultivated plants from which to choose, selecting those to suit us and our gardens presents a real challenge. This section identifies different sites and situations for which I suggest some of my favourite plants."

The personal view she gives is a broader and more informative choice for the inexperienced than some.

My criticism of partial directories is that they tend to focus the public mind on a limited range of plants which, over time, gives many gardens an inevitable but avoidable sameness.

Having tried out the useful examples of plants and gardening methods given in this book, gardeners will find that they need many more books if they are fully to explore the potential of plants to give pleasure.

What's on around the world

ADELAIDE

AMSTERDAM

MARCELONA

BOSTON

CHICAGO

COLOGNE

COPENHAGEN

DUSSELDORF



INTERNATIONAL ARTS GUIDE

What's on around the world

ADELAIDE

**OPERA**  
State Opera of South Australia  
The Ring: second cycle of Wagner's opera. Performed in Australia for the first time since 1913. The Ring is conducted by Jeffrey Tate and includes Janis Martin among the cast; to Dec 4

AMSTERDAM

**EXHIBITIONS**  
Rijksmuseum  
Tel: 31-20-673 2121  
● Shikoku: display of Asiatic objects highly popular in Europe and imported in large quantities by the Dutch East India Company. Mainly they were luxury goods such as sword hilts and tobacco boxes; from Nov 28 to Apr 5  
● Van Gogh in the Rijksmuseum: during the period of the Van Gogh Museum's closure for renovation and building work, a selection of its finest holdings will be exhibited in the Rijksmuseum's South Wing; to Mar 7

**Stedelijk Museum**  
Tel: 31-20-5732911  
www.stedelijk.nl  
Bill Viola, 25 Year Survey - A Video Journey: major survey of work by the American video artist. Includes more than 15 installations and 20 video tapes, as well as sketches and notes; to Nov 29

**OPERA**  
Netherlands Opera, Het Muziektheater  
Tel: 31-20-551 8911  
The Rake's Progress: by Stravinsky. Conducted by Reinbert de Leeuw in a staging by Peter Sellars. Cast includes Donald McIntyre, Thomas Randle and Willard White; to Nov 29

BARCELONA

**EXHIBITION**  
Fundació Joan Miró  
Tel: 34-93-329 1908  
www.bcn.fjmiro.es  
Magritte: an exhibition celebrating the centenary of René Magritte's birth. It contains over 80 paintings and 50 photographs by the Belgian Surrealist, which are grouped into 5 recurrent themes from his work; to Feb 7

BOSTON

**EXHIBITION**  
Museum of Fine Arts, Boston  
Tel: 1-617-267 9300  
Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life. Beginning with paintings of the garden at Giverny, the show concludes with five of the monumental water lily paintings that Monet called Grandes Décorations; to Dec 27

CHICAGO

**CONCERTS**  
Orchestra Hall  
Tel: 1-312-443-3000  
www.chicagosymphony.org  
Chicago Symphony Orchestra: conducted by Pierre Boulez in the world premiere of Thomas's Orbital Beacons, and in works by Debussy. With the women of the Chicago Symphony Chorus conducted by Duain Wolfe; Nov 28; Dec 1

**EXHIBITIONS**  
Art Institute of Chicago  
Tel: 1-312-443 3600  
www.artic.edu  
● Art and Archaeology of Ancient West Mexico: more than 200 works, including terracotta figures found in tombs, and findings of recent excavations. Many of these objects have never before been publicly exhibited; to Dec 6  
● Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, Darwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition will travel to San Francisco; to Jan 3  
● Mary Cassatt: Modern Woman. 125 paintings, drawings and prints by the only American invited to exhibit in the Impressionist exhibitions in Paris. The show will travel to Boston and Washington in 1999; to Jan 10

COLOGNE

**OPERA**  
Oper der Stadt  
Tel: 221-221 8400  
Die Vogels: first modern staging for Walter Braunfels's opera. Premiered in 1920, it was banned by the Nazis and largely forgotten until a recent recording. This production is conducted by Bruno Weil and staged by David Mouchtar-Samorat; Nov 30

COPENHAGEN

**EXHIBITION**  
Louisiana Museum of Modern Art, Humlebeek  
Tel: 45-4919 0719  
www.louisiana.dk  
Joan Miro: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

DUSSELDORF

**EXHIBITION**  
Kunstsammlung Nordrhein-Westfalen  
Tel: 0211-83810  
Max Ernst: Sculptures, Houses, Landscapes. An exhibition focusing on the German Surrealist's lesser-known sculptures. Some paintings are displayed too, and the works span Ernst's career between 1913 and 1974;



'The Dream', 1935, by Henri Matisse, can be viewed at New York's Guggenheim Museum. It features in '1989, Rendezvous', an exhibition derived from the Guggenheim's collections and those of the Musée National d'Art Moderne in Paris

to Nov 28

EDINBURGH

**EXHIBITION**  
Scottish National Portrait Gallery  
Tel: 44-131-624 6200  
Robin Gillanders: Little Sparta. Photographs of the painter Ian Hamilton Finlay's garden at Dunsyre in the Pentlands Hills. Gillanders has been working there since 1993, and the display includes a range of collaborative works - posters, prints and postcards; to Nov 29

FRANKFURT

**EXHIBITION**  
Schirn Kunsthalle  
Tel: 49-69-299 8820  
Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

HELSINKI

**DANCE**  
Finnish National Ballet  
Tel: 358-9-403 021  
Giselle: staging by Sylvie Guillem. With sets and costumes by Ramon B. Ivars. Conducted by David Garforth; Nov 28

**OPERA**  
Finnish National Opera  
Tel: 358-9-403 021  
Anna Bolena: by Donizetti. Conducted by Maurizio Barbacini in a new staging by Jussi Tapola, with designs by Anna Kontek; Nov 30; Dec 2, 4

HOUSTON

**EXHIBITION**  
Museum of Fine Arts, Houston  
Tel: 1-713-639 7750  
www.mfah.org  
A Grand Design: The Art of the Victoria and Albert Museum. North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10

HUDDERSFIELD

**CONCERTS**  
Huddersfield Contemporary Music Festival  
Tel: 44-1484-430 528  
● Punch and Judy: Music Theatre Wales. Music by Hansson Blotwistle, performed by six singers and 15 musicians. Directed by Michael Rafferty and designed by Simon Banham, with a libretto by Stephen Pruslin; Lawrence Batley Theatre; Nov 28  
● Steve Reich: programme of works including the UK premiere of Hindenburg, by Reich and video artist Beryl Korot. Performed by the

Ensemble Bash, The Smith Quartet, Synergy, and keyboard players Clive Williamson and Sheldagh Sutherland, conducted by Nicholas Kok; Nov 29

LONDON

**EXHIBITIONS**  
National Gallery  
Tel: 44-171-839 3321  
Mirror Image: Jonathan Miller on Reflection. Show exploring the representation of mirrors in art, curated by Miller and featuring loans from public and private collections. Includes Van Eyck's famous Arnolfini Portrait, and works by Freud, Callebotte and George Romney; to Dec 13

**Royal Academy of Arts**  
Tel: 44-171-887 8000  
● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1  
● The Au Bak Ling Collection: 100 Masterpieces of Imperial Chinese Ceramics, 12th to 18th Centuries. Includes works from the Song, Yuan, Ming and Qing dynasties, which together provide a remarkable overview of the finest Chinese porcelains ever made; to Dec 20

**Tate Gallery**  
Tel: 44-171-887 8000  
John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17

**Victoria and Albert Museum**  
Tel: 44-171-938 8500  
● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10  
● Griffling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece. The exhibition also aims to present some historical context; to Jan 31

**OPERA**  
English National Opera, London Coliseum  
Tel: 44-171-632 8300  
Boris Godunov: by Mussorgsky. Conducted by Noel Davies in a new staging by Francesca Zambello, with sets by Hildegard Bechtler. John Tomlinson sings the title role; Dec 2, 4

**THEATRE**  
National Theatre  
Tel: 44-171-928 2252  
Betrayal: by Harold Pinter. Trevor Nunn directs Pinter's 1978 play, with a cast including Anthony Calf and Imogen

Stubbs; Lyttelton Theatre; Dec 4

MILAN

**EXHIBITION**  
Pinacoteca di Brera  
La Dama con l'ermellino: Leonardo da Vinci's 1489 portrait of the young mistress of Ludovico il Moro travels to Italy for the first time since 1800, when it was purchased by the Polish Prince Czartoryski; to Dec 13

MUNICH

**CONCERTS**  
Philharmonie Gasteig  
Tel: 49-89-5481 8181  
● Kiri Te Kanawa: recital by the soprano, accompanied by pianist Julian Reynolds; Nov 29  
● Sabine Meyer: in works for clarinet by Mozart, with the Camerata Academica des Mozarteums Salzburg conducted by Alexander Janiczak, and bassoon soloist Daniele Damiano; Nov 28

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-211270  
Lyonel Feininger (1871-1956): From Gelmertoda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24

NAGOYA

**EXHIBITION**  
Matsuzakaya Art Museum  
The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works and works by American painters. Also on display are recently acquired works by Delaunay and Braque; to Dec 8

NEW YORK

**EXHIBITIONS**  
Guggenheim Museum  
Tel: 1-212-423 3500  
www.guggenheim.org  
1999, Rendezvous: In their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24

**Guggenheim Museum SoHo**  
Tel: 1-212-423 3500  
www.guggenheim.org  
Premises: Invested Spaces in Visual

Arts, Architecture & Design from France, 1958-1998. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10

**Metropolitan Museum of Art**  
Tel: 1-212-679 5500  
www.metmuseum.org

● Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s. Mainly they are figure studies, self-portraits and portraits of the artist's circle; to Jan 3  
● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3  
● Letters in Gold: Ottoman Calligraphy from the Sakip Sabanci Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13  
● Louis Comfort Tiffany: celebrating the 150th anniversary of the artist's birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels and jewellery. A selection of drawings will also be on display; to Jan 1  
● Mary Cassatt: Drawings and Prints. Coinciding with a major retrospective at the Art Institute of Chicago, the Metropolitan Museum has organised an exhibition of most of its extensive collection of Cassatt's work; to Jan 24  
● The Nature of Islamic Ornament, Part II: Vegetal Patterns. Second in a four-part series on Islamic ornament from the 8th to the 18th century. Includes rare brocades and carpets; to Jan 10

**Museum of Modern Art**  
Tel: 1-212-708 9480  
www.moma.org

Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2

**Pierpont Morgan Library**  
Tel: 1-212-685 0008  
Charles Dickens - A Christmas Carol: the manuscript of Dickens's novel is the centrepiece of this holiday exhibition. Also on view are several other items relating to the work; to Jan 3

**Whitney Museum of American Art**  
Tel: 1-212-3272801  
Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the late 1920s to 1970, with an emphasis placed on the so-called Surrealist and Classic periods. The show will next be seen in Paris; to Nov 29

**OPERA**  
Metropolitan Opera, Lincoln Center  
Tel: 1-212-362 6000  
www.metopera.org

● La Bohème: by Puccini. Production by Franco Zeffirelli with a cast including Francesca Pedaci and Frank Lopardo. Julius Rudel conducts; Nov 28; Dec 3  
● La Traviata: by Verdi. Production by Franco Zeffirelli with a cast including Patricia Racette and Marcelo Alvarez. James Levine is the conductor; Nov 30; Dec 4  
● Le Nozze di Figaro: by Mozart. Production by Jonathan Miller, with a cast including Felicity Lott and Barbara Bonney. James Levine conducts; Nov 28; Dec 1

PARIS

**CONCERTS**  
Salle Pleyel  
Tel: 33-1-4561 6599  
Orchestre de Paris: conducted by Emmanuel Krivine in works by Rimski-Korsakov, Rachmaninov and Dvorak. With piano soloist Krystian Zimerman; Dec 2, 3

**EXHIBITIONS**  
Couvent des Cordeliers  
Tel: 33-1-4046 0547  
S'asseoir au XXe siècle: display devoted to the evolution of the chair, including major examples of 20th century design; to Dec 17

**Grand Palais**  
Tel: 33-1-4413 1730  
Lorenzo Lotto: Rediscovered Master from the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition has been seen in Washington and Bergamo; to Jan 11

**Musée d'Orsay**  
Tel: 33-1-4049 4814  
www.musee-orsay.fr

● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3  
● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationships with his literary and artistic contemporaries; to Jan 3

**Musée du Louvre**  
Tel: 33-1-4020 5151  
www.louvre.fr  
Portraits from Roman Egypt: touring exhibition of mummy portraits, originating from the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

**OPERA**  
Opéra National de Paris, Opéra Bastille  
Tel: 33-1-4473 1300

www.opera-de-paris.fr  
The Merry Widow: by Franz Lehár. Conducted by Armin Jordan and with a cast including Frederica von Stade and Hakan Hagegard; Dec 1, 4

PHILADELPHIA

**EXHIBITION**  
Philadelphia Museum of Art  
Tel: 1-215-763 8100  
www.philamuseum.org  
Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from private and public collections around the world; to Jan 3

PORTO ALEGRE

**EXHIBITION**  
Various venues  
I Mercosur Biennial of Visual Arts: retrospective of Latin American art comprising works by 200 artists from seven countries: Brazil, Uruguay, Argentina, Paraguay, Bolivia, Chile and Venezuela. Held in 11 locations around the city, the works are grouped under three headings: Constructive, Political and Cartographic; to Nov 30

ROME

**EXHIBITIONS**  
Palazzo delle Esposizioni  
Tel: 39-06-474 5903  
Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Klee and Grosz; to Jan 18

**Palazzo Ruspoli**  
Tel: 39-6-6830 7344  
www.palazzoruspoli.it

The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian Baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15

ROTTERDAM

**EXHIBITION**  
Kunsthall  
Tel: 31-10-440 0300  
Up to the bare bones: Human remains in museums. An estimated hundred thousand human beings find their last resting place in Dutch museums, whether in the form of mummies, skulls, skeletons, reliquaries or otherwise. This exhibition is the first to address this phenomenon directly, presenting exhibits from medical, sacral, ethnographical and archaeological collections; to Jan 10

SAN FRANCISCO

**CONCERTS**  
Davies Symphony Hall  
Tel: 1-415-864 6000  
www.sfsymphony.org  
San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Haydn, Shostakovich and Brahms. With piano soloist Vladimir Feltsman; Nov 28

**EXHIBITION**  
San Francisco Museum of Modern Art  
www.sfmoma.org  
Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery, the intention being to present the breadth of the artist's career on the occasion of the centenary of his birth; to Dec 1

**OPERA**  
San Francisco Opera, War Memorial Opera House  
Tel: 1-415-864 3330  
www.sfoopera.com

● Norma: by Bellini. Conducted by Patrick Summers in a staging by Andrew Sinclair, with sets by José Varona. The title role is sung by Carol Vaness; Nov 28  
● Peter Grimes: by Britten. Conducted by Donald Runnicles in a staging by John Cooley, with sets by Carl Toms. The title role is sung by Thomas Moser; Dec 2

TOKYO

**EXHIBITION**  
Metropolitan Museum of Photography  
Tel: 81-3-3280 0031  
Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; to Jan 17

WASHINGTON

**EXHIBITIONS**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov  
● Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farnetti. Among the 14 artists represented are Bernini and Algardi; to Jan 18  
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885), Self-Portrait as an Artist (1889), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3

**Phillips Collection**  
Tel: 1-202-387 2151  
Impressionism in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pissarro, Callebotte, Gauguin and Renoir; to Jan 3

**Arts Guide by Susanna Rustin**  
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Additional listings supplied by Artbase Ltd: 31-20-864 6441  
e-mail: artbase@ft.com



# Weekend Investor

Wall Street

## Go backwards to find the future

John Authers takes a reverse look to explain the Dow's latest bizarre surge

At Thanksgiving, it is time for Americans to look back. As far as the market is concerned, they have much to be thankful for. Since the Dow Jones Industrial Average hit another all-time high on Monday, the market has been in the grip of a rupture in the space-time continuum, and the whole year has been run in reverse.

Reverse Time's Arrow, as did Martin Amis in his novel a few years ago and things begin to make sense. Start in the week of Thanksgiving, and work backward to January, and 1998 seems to go just as might be expected.

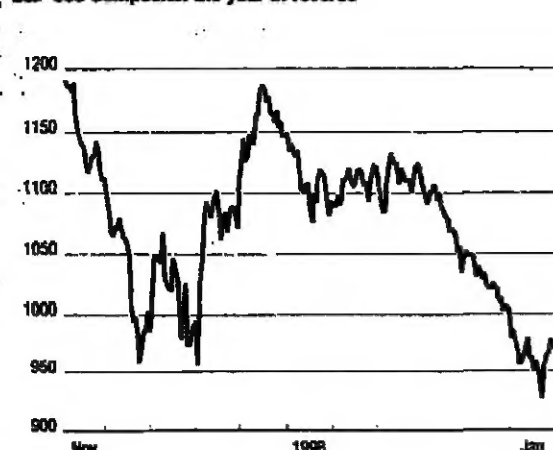
On this basis, the months of November and October saw an overdue correction from excessive valuations, with the Dow tumbling from 8,374.27 to 7,338.07 on August 31, a drop of almost 20 per cent. Price-earnings multiples had reached historic highs, valuing companies at 22 times analysts' forecast earnings for 1999, and prices were plainly in need of this tumble.

It was not merely excessive valuations that forced the market lower as autumn turned to summer. Consumer confidence was running at a record level in November, showing all the classic symptoms of overheating.

To respond to this danger, the Federal Reserve launched an aggressive series of interest rate rises, lifting its main rate three times from November to September. Over the same period, the quarterly earnings season revealed a series of distinctly unimpressive profit figures from corporate America, confirming that the sky-high multiples had been unjustifiable.

After this sharp dip, prices staged a recovery, mainly thanks to the dramatic opening of the market in Russia. By mid-July, it had been propelled almost back to its high of November, reaching 8,337.97 on July 17. After that, though, the market yielded to the inevitable, slipping into the bear phase that had been predicted for so long. Gathering signs of

S&amp;P 500 Composite: the year in reverse



Source: Datastream/ICV

economic difficulties in Asia proved the catalyst as the Dow forced its way lower, dropping back below 8,000 to touch 7,908.35 by the opening of trading on January 2.

Biggest casualties over this period were the internet stocks, which were clearly overvalued at Thanksgiving but had found their way by January to a level where they commanded reasonable, if still generous, valuations. Amazon.com, the largest internet bookseller, was the chief example. At Thanksgiving, its shares were a ludicrous \$214, giving it a market capitalisation of about \$11.3bn, bigger than any physical bookseller in the US.

The bubble had to burst, and it did. Amazon.com shares tumbled more than 40 per cent by mid-November. Then, quarter after quarter, it was obliged to announce losses. By early January, the shares slipped to \$30, a price that still strongly reflected the growth potential of internet retailing.

This does not mean the year was without its positive sides. Chief executives in many industries were forced to examine what was in the best interests of their shareholders, and embarked on campaigns to realise value by upbidding unwieldy and illiquid conglomerates.

This did not always prove popular. DaimlerChrysler's decision to spin off Chrysler as a stand-alone US entity did not meet with the market's approval. Others did better. AT&T's shares were barely lower at the beginning of

January than they had been at Thanksgiving, thanks mainly to the leap they recorded on the news that they were leaving their alliance with TCI, the cable television operator. They realised an incredible \$45bn from the sale.

One of the more remarkable corporate odysseys of the year involved Citicorp, another old-fashioned conglomerate combining a bank with a pot-pourri of other financial services. Nobody could discern the commercial logic for this outmoded company, and its shares reached a trough on October 7. This was the day it announced the start of an attempt to release shareholder value by splitting itself into Citicorp, covering commercial banking, and Travelers Group, covering everything else.

This led to a huge increase in the company's price as the year progressed. By their peak, just before the two companies separated for good, their combined market value reached \$165bn, more than double its level in the worst days of October.

At this point, the Asian crisis began to tell, but Citicorp and Travelers were still worth more separately in January than Citicorp had been worth at Thanksgiving, just as the great bull market was coming to an end.

### Dow Jones Ind Average

	Monday	Tuesday	Wednesday	Thursday	Friday
	9,274.27	9,201.15	9,314.28	Closed	Closed
	214.72	73.12	13.13		

The difference between success and failure is paper thin.

FINANCIAL TIMES  
No FT, no comment.

London

## Time to give cyclical a run?

Jonathan Ford explains why bids are in vogue

Investment bankers are once again sharpening their pencils and baring their slide rules. Bids and mergers are back in vogue after the brief halt caused by the stock market's slump in the autumn. This might seem strange, coming at a time when many analysts are suggesting that share prices may have overcorrected from their lows early in October. Earnings expectations for most UK companies are still too high, they warn. Expect another rash of downgrades in the spring.

Last week, the FTSE 100 index paused after its recent charge, gaining just 126.7 points to finish the week at 5,944.2. Still, the index remains just 5.4 per cent below its all-time high of 6,179, reached on July 20 - a continuation last week of the steady drip of bad news that was blamed for undermining investors' confidence

in the first place. Some of that bad news was contained in the September trade figures, published on Wednesday. These showed a doubling of the trade deficit to \$2.5bn and led analysts to warn that growth could be hit by manufacturers having to cut output.

Of course, corporate activity is not contingent solely on shares being cheap. And in the present environment, where companies seem to have less pricing power and consumers are becoming more parsimonious, there is a lot to be said for substituting organic growth with some of the acquisition-led variety.

In any case, most of last week's big takeovers - the \$9bn engineering merger between BTR and Siebe or John Mansfield's audacious \$372m reverse bid for Marley, the building materials group - were share-for-share exchanges. To that extent, the bidders were not calling

the value of the market. One thing the bids had in common was that they involved members of what might kindly be termed unfashionable sectors - cyclical stocks have fallen deeply out of favour with investors.

There are some well-known reasons for this, sterling's strength and the crises in Asia the principal among them. In the past year, as these factors have bitten, general industrial stocks have underperformed the market by 22 per cent.

However, an argument has been made by Merrill Lynch that there are also structural reasons for the underperformance of cyclical and medium-sized stocks in general. This is that the increasing bias among pension funds for index-tracking investment has locked cyclical and smaller stocks into a vicious circle of underperformance.

Index-tracking managers



Harrods buyers: just as in the corporate world

are on a winning streak at the moment. In the past year, the biggest winners of UK pension fund mandates were Legal & General and Barclays Global Investors, both index-trackers.

At the bottom of the list, with the largest net losses, were four active managers: Schroder, Mercury, P&DPM and Gartmore.

But the problem with index-trackers is that they cannot respond to situations when shares may become undervalued. Locked into indices and weightings that are driven principally by size, they are forced to dump cyclical stocks as prices fall.

The graph shows the impact of this portfolio shift on the spread between the lowest and highest price/earnings ratios for stocks in the UK market. This has increased by 60 per cent in the past year and now stands at a 10-year high. In effect, valuations are becoming increasingly polarised.

Seen from this perspective, it is less surprising that investment bankers should be grabbing slide rules or that engineers like BTR and Siebe are making a defensive merger. Relatively speaking, cyclical stocks are becoming conspicuously cheap, and increased scale appears to be their only defence.

Yet, if all this is true, where are the vulture buyers and arbitrageurs to come from? One result of the portfolio shift towards index-tracking has been the emergence of US investors as increasingly large holders of cyclical stocks.

Yesterday, for instance, TI Group revealed that the US fund manager Capital Group had taken a 5 per cent stake in its shares. The engineer also said US shareholders as a whole had increased their stake in the company from 8 per cent to 20 per cent.

These figures are mirrored elsewhere. US holders have increased their stake in British Steel since January from 41.5 to 58.6 per cent. For BTR, the increase was from 17.2 to 28 per cent.

So far, this shift has had little effect on values, which continue to languish. This is because the buyers are merely mopping up stock discarded by UK institutions. What is needed is some corporate activity.

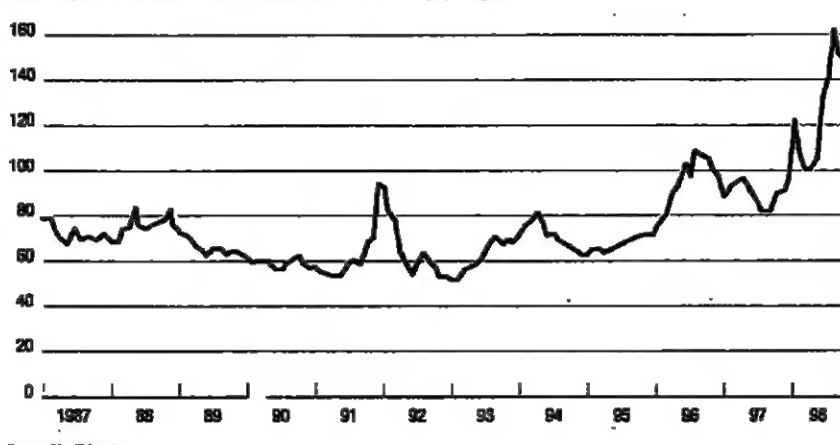
One option would be for foreign buyers, who should be encouraged by the cheapness of UK cyclical stocks, to take over UK companies. Engineering stocks now trade on P/E ratios of just 12 times in the UK, well below the 18 times achieved by their US counterparts.

An alternative would be for cyclical managers to take their companies private. But this would depend on an improvement in the unsettled debt markets. Banks remain reluctant to back large corporate deals, particularly buyouts, as do bond investors.

Still, things could all change in the new year if the banks recover their nerve. And, if they do, cyclical stocks, like yoyos and flared jeans, could make an unexpected return to fashion.

### A polarising market

Index of spread of P/E ratios for UK sectors versus UK market (cap weighted)



Source: Merrill Lynch

### Highlights of the week

	Price	Change	52 week	52 week	Takeover activity
	YTD	on week	High	Low	
FTSE 100 Index	5944.2	+126.7	6179.0	4640.2	EU investigation
S&P	214	+1	447	185	EU investigation
BTR	128	+33	231	914	Merger with Siebe
Barclays	1274	+54	1998	827	Will not change business
Banc	877	+120%	1195	625	Merrill positive
Dove	169	-72%	545%	167	Profits warning
EMI	352%	-39%	685	300	Disappointing outlook
Granada	945	+94	1217	670	Improved figures
Guardian Royal Exch	306%	+28%	405	227	Mid speculation
Knightrider	546%	-16%	800%	355	Profit warning fears
Ladbroke	239	+17	370	180	Positive outlook
Maris and Spencer	426%	-15%	689%	383%	Shareholder dispute
Marley	105	+25%	129%	64%	Aid
Mays	430	+27%	744%	315	Strength in IT sector
Pearson	1121	+81	1200	705	Broker recommendations

Barry Riley

## Sizing up the mega-deals

Big is beautiful but gigantic is simply gorgeous



After a brief intermission, while the stock market temporarily crashed, mega-deals are back. The latest talks, it seems, involve Exxon and Mobil and could create a group worth \$150bn. Other deals on the table include Deutsche Bank's planned near-\$10bn purchase of Bankers Trust. In the UK, the upcoming merger of Siebe and BTR into a \$9bn group will break no size records in itself but will create a huge player in the shrunken engineering sector. Powerful forces are driving corporate consolidation. This can be seen as the other side to the story of smaller company share price underperformance, which I discussed here last month. Big is beautiful, it seems, and gigantic is simply gorgeous. Remember that London's FTSE 100 index of the biggest blue chips has beaten the SmallCap Investment Trusts index by an amazing 33 per cent over the past 12 months (and the 250 index of middle-rankers by 11 per cent). Similar trends are evident in the US.

Not so long ago, stock market investors tended to avoid the big, bad giants where boardroom egos were all too likely to be more highly developed than the management systems. But several factors have caused a change of view. The globalisation of a number of industries, for instance, has encouraged the emergence of a few big players in each. We have been seeing this in oils, pharmaceuticals, motors and information technology, and we will increasingly see

it in sectors such as banking and telecoms as national protection fades away. Meanwhile better technology is apparently making it possible to run such leviathans more effectively because information can be distributed and processed more quickly. Moreover, national anti-monopoly regulators have backed away because of the emergence of international competitors in many industries - although the US Federal Trade Commission seems to be having second thoughts about the concentration of the global commercial aircraft market.

These are the industrial pressures. Shifts in corporate governance practices have also been crucial to the rebirth of merger mania, however. One reason big companies underperformed for many years might well have been that their bosses were paid mainly through salary and bonuses, both linked more closely to the top line of sales and trading profits than to the bottom line of earnings per share. Academic studies have shown that merger and acquisition activity has failed to benefit investors - not, anyway, the shareholders in companies doing the acquiring, because any synergistic gains have been lavished on the bid premium.

Now, things have changed. Management incentives may have grown out of control overall, but at least they are linked primarily to the share price. Investors evidently are satisfied that company bosses will no longer chase size for size's sake.

This might not be reliably true in, say, Germany, where Deutsche Bank's ambitions have not been very well received. In the UK and the US, though, deals are greeted with enthusiasm. After a very long bull market, too many stocks are overpriced on the basis of fundamentals and investors are desperate to uncover underpriced growth. One answer is to dabble in internet stocks, if you dare. A safer proposition seems to be to go to good management into mergers.

A curious feature of the embattled UK engineering sector, where the average share price has fallen 12 per cent in the past year, has been the heavy buying of shares by US "value" investors - who have built up a 30 per cent stake in BTR, for instance. With immediate business prospects looking grim around the world, the sector's managements have come under heavy pressure to take aggressive action, notably through mergers. If growth cannot be created at the top line, perhaps it can be conjured up at the bottom through cuts and synergies.

A philosophy of shareholder value has been developed to justify such trends. It has become a lucrative theme for management consultants. Certain other consultants are starting to ask awkward questions, though. A.T. Kearney's UK strategy practice, for instance, has just published the results of an analysis of the constituents of the Footsie from 1984 to 1997. It found that the return on capital over this period had doubled from 5.6 to

11.6 per cent, and the ratio of the market price to the book value of assets had tripled, from one to three times.

That sounds like a success story. Indeed, shareholders have done tremendously well, with an average real annual return of 12 per cent. But there's a catch. Sales revenue in real terms failed to increase at all over the period. Efficiency has replaced growth as the main management aim of UK plc. The tough business of competitive manufacturing has been abandoned increasingly to the Germans, Japanese and Koreans.

Now, such statistics might be disputed. The composition of the Footsie has changed radically since 1984; for instance, there has been a big growth in financial institutions which have been excluded from this calculation. It remains a worry, however, that cuts and mergers are seen as providing a quick fix that might be at the expense of long-term economic growth.

Meanwhile, institutional investors are being herded towards ever more concentrated portfolios. The All-Share index features 36 sectors - but just four account for 41 per cent of capitalisation and the top 10 for 62 per cent. Painstaking analysis of hundreds of small companies can be rendered irrelevant when overall investment performance is dictated by sudden surges or dips in some market leaders.

Never mind. When the leviathans are eventually proved to be unmanageable, they can always be broken up again. That will be exciting, too.

For an interactive guide to personal finance, visit <http://www.FTQuicken.co.uk>

سكنا من الامل







## FT WEEKEND

True Fiction / Kieran Cooke

## No limits for life's litigators

**A**s I was sitting in the snug at the back of Mulligans the other day my eye was caught by an item tucked away in a Dublin newspaper. It concerned a sergeant in the Irish Defence Forces (no finer body of men) awarded £250,000 (£22,500) for hearing difficulties sustained while engaged in the noble cause of serving his country.

It has become somewhat fashionable for Ireland's military (no better breed) to lodge compensation claims for hearing problems caused by the sound of gunshots, over-zealous marching instructions and the like. This case was somewhat different.

The sergeant had been a trumpet player in the army band. Through long periods of exposure to military music - the lads blowing and banging their hearts out at all manner of occasions - the poor man had been rendered half-deaf.

Now there may be some ignoramus out there who might

greet this news with the raise of an eyebrow or the click of the tongue against a well-polished denture. But I say fair play to the sergeant and three cheers for justice.

Damages payments are a wonderful thing. Take, for instance, my own family. If not for some well-won compensation cases, the silver flogged off, the thoroughbred carted to the meat factory and the choice claret exchanged for some ghastly home-made brew.

My late lamented Uncle Mickey, known to friend and foe alike as "The Litigator", set the trend. In 1962, Mickey was attending a post-race day celebration in the jockey bar at the

Royal Hibernian Hotel in central Dublin.

After consuming three dozen oysters and the best part of a jeroboam of champagne, Mickey decided to give the assembled throng his rendition of the first 37 verses of "The Brave Marching Boys of Mayo". A barman, a distant family relation whose evidence was crucial to Uncle Mickey's case, takes up the story.

"Approaching the small podium, Mickey's legs became entwined with the ornate stile of the Dowager Duchess of Westford. This forced a collision with a trolley of peach melba and then with a passing Samson rugby player. He prousted across the dance floor, tripped

over the carpet and finally became wedged in the revolving door."

Apart from a few bruises and a pair of badly split trousers, Mickey was unharmed. However, he sued the hotel for causing him serious psychological damage, saying the incident had put him off oysters for life (though it did nothing to stem his appetite for champagne).

The damages awarded kept the family estate going for a few years. Sadly, the hotel was rendered bankrupt as a result and is now closed.

Uncle Mickey went on to record a number of other victories in the courts. (There was a time when prayers would be said to have a priest in the family;

these days the request is for a lawyer.)

Mickey was a feared figure. On one occasion a bus conductor in Cork refused to let him on board for fear a damages claim would be lodged over a defective seat or injuries sustained owing to a bumpy ride. The uncle won the day, pointing out that not being allowed on the bus was an act of gross discrimination. A substantial quantity of money was pocketed as a result.

Some years later a party of American tourists sued Brendan, the brother, over injuries sustained when their coach veered into a bog avoiding one of his prize cattle. Quick as a lawyer adds thoughts to a bill the brother counter-sued, saying

that as a result of the accident his poor cow had stopped giving milk and a valuable patch of bog had been badly damaged. The resulting payout kept the bellinis at bay and good victuals on the table for another lengthy period.

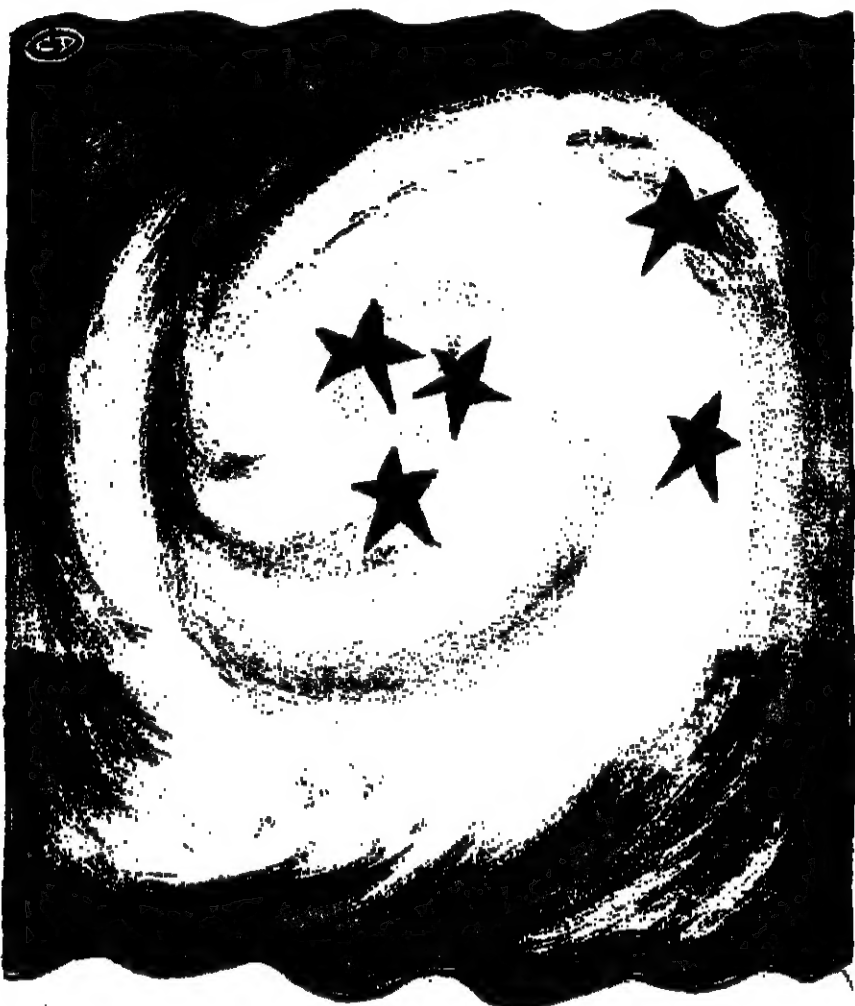
I myself have two damages suits before the courts at present. One involves Dublin Corporation and an attempt I made one evening to walk across the pond in Stephen's Green. I nearly drowned as a result and was confined to my bed for several weeks. The corporation is negligent in the extreme; there was not a single sign about the dangers of walking on water.

The other suit is more complex, spanning several jurisdictions. In the course of my school

days, I served as an altar boy, during which I picked up a chest infection owing, I believe, to the inhalation of copious amounts of incense. Ireland's best legal minds have been mulling over whether it is best to claim damages from the priest concerned (now deceased), the Pope or the Church as a whole.

All documents have to be translated into Latin. The top echelons of the Vatican are involved. I have received whispered warnings about excommunication if I insist on proceeding with the case.

I am undeterred and gain succour from the victories of those brave boys in the defence forces (fine lads, every one of them). They are on the offensive: one, who served as a peacekeeper in Lebanon, is claiming damages for sunburn he received while attending a military barbecue. He says no one told him the sun in the Middle East was so strong. Imagination and litigation. It's a formidable combination.



Metropolis

## Progress on Mitch Street

James Wilson and Richard Lapper look for signs of self-help in rain-sodden Honduras

**T**he nightmares have begun for Vanessa Castillo. Eyes wide open, the 17-year-old talks in her sleep about planning her house filled up with water. "I can't tell her what she is doing; it will damage her even more," says her cousin Diana.

After the passage of Hurricane Mitch, Honduras is showing signs of mental scars to match the physical destruction. Imprinted on many minds is the explosive force of the floods that Mitch unleashed in the darkness of the last day of October.

In the capital, Tegucigalpa, people recall how the city's usually sluggish rivers, already bloated by five days of incessant downpour, rose out of control in the space of a few hours. Buildings stand twisted as if blasted by bombs, or they have simply disappeared. "People can still hear the wild water," says long-time city resident Manuel Torres.

Mitch, which caused an estimated death toll of 10,000, is Central America's worst catastrophe of modern times. In Honduras, which bore the brunt of the storm, more than 600,000 people lost their homes. The Spanish word seems to sum up the hell of seeing a house swept away by mud; these homeless are the *damnificados*.

The accumulated weight of the countless personal traumas has imprinted the disaster on to the nation's psyche. In a relatively small country of 5.5m people, Mitch will become a defining moment in its history. Even while the authorities struggle to get food to stranded hamlets, in the bars and restaurants of the capital the talk is of change.

Much of the soul-searching stems from awareness of Honduras's glaring weaknesses - in its public administration, its political system

and its cultural attitudes. No little has been done to resist the rain in two days, as recorded in one place. But its effects were aggravated by poor or non-existent housing, a degraded environment and the government's refusal to learn the lessons from past failure - not least Hurricane Fifi.

Fifi struck the country's unprepared north coast in 1974, killing 10,000. "Most people thought once we'd been through that, people and the government would learn the lesson... they thought we'd have better civil defence, supplies in reserve... unfortunately, none of that has happened," according to an editorial in *La Tribuna*, a leading Tegucigalpa newspaper.

Nowhere is this web of institutional weakness clearer than in Tegucigalpa itself, an isolated and insular city of 800,000 that struggles across deep gullies and retains the hallmarks of its origins as a silver mining camp. Since 1960, huge influxes of job-seekers have raised the population six-fold. Each successive wave of migrants has been forced into ever more marginal areas - the city's precipitous mountainsides and precarious river courses.

The family of Teresa Gonzalez, who works at a doctor's surgery, built a house nine years ago in the Pedregal district, at a bend in the river between the airport and a textile factory. "Even the floor is gone. The river took it all," she said.

Diana Castillo says there is too much immigration from the villages, increasing poverty and raising levels of crime and prostitution. "People come into the city and build anywhere they can. They buy a few sheets of zinc and build without services or anything."

City authorities have long known this kind of develop-

ment was unsustainable, but little has been done to control it. "Planning is an obscure concept here," says Henry Marriam, a former city mayor and president of Fundamun, a local development agency. Deforestation of the steep hillsides - to feed the incessant need for firewood - has made matters worse by reducing the land's ability to absorb rain water and allowed rivers to rise even more quickly.

Mitch made the consequences of neglect crystal clear: of the 88 city neigh-

**'People come into the city, buy a few sheets of zinc and build without services or anything'**

bourhoods the town hall considered to be at risk, 50 were damaged and 15 destroyed, washed down hillsides or carried away by the rivers. In what will be a test of institutional will, a new law has already been passed to stop people rebuilding houses in dangerous zones.

But for many, rebuilding also requires a change in the minds of Hondurans. Watching some of the 1,200 people living in one of Tegucigalpa's shanties, two volunteers, Pompeyo Aguilar and José Raúl Gavarrete, debate what is needed. For Aguilar, a teacher, the institution most in need of reform is the family itself, where he says there is no attempt to enlarge children's sense of the achievable. "The schools," he asserts, "are the same as when my grandmother went."

Gavarrete complains of the lack of a national identity. "Everything is imported: music, fashion, gangs," he says. "What we need is to restore our values."

Many others see the need to shake off the legacy of inertia and complacency. "Paternalism has destroyed us," says a doctor. "Help helps, but we have to work!" a pharmacy signboard reminds passers-by.

City residents know the task now is to shake off this legacy. For the moment, the sense of living in a dice continues, exacerbated by the lack of resources to speed the clear-up.

Crowds have watched as international aid workers have searched for bodies in rockfalls or trawled the murky waters of the Choluteca River. Mexican medical teams who worked in the inner-city area of Comayagüela - as it was being reclaimed from the waters - talk of the lack of initiative. "They didn't even bother to put lime down," says one, referring to a way to neutralise the spread of disease.

One figure who seemed capable of galvanising the city into action, mayor Oscar Castellanos, was killed in a helicopter crash the day after the floods. Even before Mitch, Castellanos had tried to stop people rebuilding houses in dangerous zones.

The risk of passivity is most evident in the shanties, where most poor families get more to eat than they did in

their shacks. As television viewers watched the homeless playing cards and sitting around expectantly, one passerby had seen enough. "Some of them can't even clean the shanties they're living in!" he shouted. "We're not going to get anywhere with that attitude."

Mauro Membreda, an adviser to the mayor's office and former minister, says: "The circumstances seem to wake people up. They'll realise they have to solve their problems and not rely on the government all the time."

There are signs of change. At the corner of Calle Principal Reparto, high in the hills overlooking Tegucigalpa, where the Spice Girls' *Wannabe* is playing at full volume from the patio of Elyth's Billiards Hall, residents of the Reparto shanty town have formed a committee and taken matters into their own hands.

Valerio Martinez, whose small grocery shop has been obliterated, complains that the city council, overwhelmed by demands and strapped for cash, has done little to help. By collecting \$1,000 in empty powdered milk cans, the committee has bought petrol for a borrowed excavator and paid its driver. About 350 dentistry and engineering students have been sent by the university to help out.

"We have had to make do," says José Manuel Oseguera, who, after a morning of steady digging, has just begun to discern the outlines of his buried pick-up truck. Work is progressing to build what the residents are already planning to call Mitch Street.

Dispatches

## Only one way out for Mr Mozgalov

Jack Chisholm finds that doing battle with Russian bureaucracy is no joke

**I** am neurotic about losing my passport. I never carry it unless I have to; I hide it whenever possible.

But this time was different; we were registering a new company and as managing director in Russia, I needed a photocopy of my passport. The photocopy shop was only 400 yards away so I gave it to number one secretary, Olga, with specific instructions: "Two photocopies, pronto."

Mike, our main investor, was actually in the office when Olga returned and handed over the photocopies, turning ashen as she realised she no longer had the passport. Our visitor was highly amused at this drill practical joke, less so when he realised the loss was real.

Olga traced and retraced her steps, returning empty-handed. Without Mike being there, I would have been completely sunk because with no passport or visa I could not obtain cash on my credit card. The banks were adamant: they would not accept photocopies; only the real thing would do.

It was no use trying to arrange for money to be sent to me from abroad - without the passport no bank would pay it out.

The joint business venture we were setting up - or more properly the "joint participation agreement" - was with part of the former KGB. I hoped they might help.

Yes, of course they would, they said - unless it involved them having to do anything - and there was clear evidence of Schadenfreude.

I had promised my wife I would join her in Berlin for my birthday and the date was near. In desperation I thought of how I might get about getting thrown out of Russia. It would be much easier to get a new passport in Europe.

Sure, the police agreed, but we would have to look you up the moment you came back. Having had more than my fill of the Gulag on another journalistic assignment, I didn't fancy taking that risk.

So we did it by the book: went to the local police station, filled in multiple forms with officials who showed not the slightest interest and needed my help with their Russian spelling. I learned the going rate for a "good" European Union passport was £1,000.

They called two days later. Had my passport been found, I wondered, innocently. I

rushed to the police station to find they had just taken a statement from a beaten-up tourist and wanted me to provide them with a Russian transcription. I peevishly declined.

If you lose your passport in the wrong part of Russia, you rapidly embark on a seemingly endless bureaucratic nightmare, especially if there is no consulate within easy reach. A British, German, French or Italian passport, no problem: they have consulates in St Petersburg.

But for an Irishman, the only embassy is in Moscow. It's Catch-22 - you only get a passport if you reach the embassy - but without a passport, you can't buy an air or railway ticket to get there.

But Russians can buy tickets. I would just have to be Russian. Our chauffeur, Alex, queued to buy a train ticket to Moscow and I travelled as Mr Mozgalov. There is usually very little checking of passports on trains.

This meant I would be defrauding the state, as foreigners are charged premium prices. Never mind. It had to be done. I even managed to sleep on the Red Arrow train.

After we pulled into early-

morning Moscow, I fought my way out of the station and set off on foot to hail a cab while asking passers-by the way to the nearest hotel. I was disoriented. The provision Moscow I had known a couple of years earlier had been replaced by - to me - unattractive, monolithic banking complexes. I was

**Eight miles from the city the train crew said they were going no farther**

not surprised to be rebuffed by the few pedestrians I encountered. "I don't talk to foreigners," they said. I was given away by my accent. I speak Russian with a St Petersburg accent and there is no love lost between Muscovites and Petersburgers.

Finally, I paid a private driver \$20 - way over the top in Russian terms - to take me a couple of miles to a hotel which offered western breakfast.

I am not very good at waiting but I had to spend several hours doing just that

at the embassy, where the consul was involved with would-be parents. They were Irish, resident in the UK, and had collected a young boy from an orphanage for adoption. Russian authorities said the boy could not leave the country with his new parents and they were staying in a hotel while the mess was sorted out.

Mum and dad were the only people surprised that one Russian ministry said OK, while another issued a defiant *nie!*

When my turn came, the paperwork was processed quickly and I emerged into the sunlight clutching a temporary passport, valid for one year. With hours to kill until my train, I spent much of the afternoon toying over lunch in the up-market eatery, *Maxima*.

I was drinking beer but glanced at the wine-list in an idle moment. Dom Perignon was \$260 a bottle; the exuberant party at the next table drank eight bottles (with vodka chasers) while I was there.

The return train journey should have been routine. We were due in Petersburg around 1am but the train stopped eight miles south of the city and the crew announced they were going

no farther, without explanation.

Hundreds of people walked to the nearest underground station and were still queuing at ticket machines when the last train left. It had been a long day and I boarded without a ticket, arriving back at my rented apartment around 2am.

At least the airport border guards made no fuss when I flew out, but they might have had other things on their minds - a nuclear alert had been triggered by another passenger's suitcase. He had bought a marine chronometer at the market and it had set off all the airport Geiger counters.

And Olga? I forgave her for the passport debacle, which had involved 10 days of worry and lost work.

But then I stumbled on a series of her omens and commissions. For the first time in my life, I found someone on the spot. Olga denied nothing, simply using a word that I would rather not repeat.

Life in Russia is never boring.

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